JOURNAL OF THE
AMERICAN BANKERS' ASSOCIATION

Vol. 2 AUGUST, 1909 No. 2

CONTENTS

Officers of the Association and Sections 40
Executive Council 41
Vice-Presidents for the Different States and Territories 42
Committees of the Association 43
Declaration 44
Annual Dues 44
The Far West and Pacific Coast in the American Bankers' Association . . . 45
Protective Work—Separate Department 46
State Vice-Presidents, American Bankers' Association 47
Drafts for Membership Dues 47
Registration at Offices 48
Editorial 49
State Bankers' Associations—Permanent Headquarters
Convention Program
American Institute of Banking Section 51
By-Laws of the American Bankers' Association 52
Credit Blanks—Documents for Distribution 53
The Chicago Convention
Preliminary Program 54
Trust Company Section 55
Savings Bank Section 56
Organization of Secretaries 57
Clearing House Section 58
Entertainment 58
Hotel Accommodations 59
Railroad Rates 60
Local Committees 61
Registry Rooms—Miscellaneous Information 62
Notice—Provisions of the Constitution 63
Convention of Supervisors of State Banks—Preliminary Program 64
Proposed Amendments to the Constitution of the American Bankers' Association 64
Legal Department 65
Editorial—Corporation Tax Amendment—Bank Guarantee of Drafts on Customers
Opinions—Guaranty of Bill-of-Lading Draft—Charge of Note to Customer's Account—Bank Collection—Competency of Bank Notaries
State Bankers' Associations 75
State Conventions in July 78
Protective Work of State Bankers' Associations 79
Protective Committee Monthly Report 81
Features in Protective Work 83
Mortuary Record 86
Changes Affecting Membership . . . . . Not Paged
New Members . . . . . Not Paged

OFFICERS AMERICAN BANKERS' ASSOCIATION

1908—1909

PRESIDENT:

GEORGE M. REYNOLDS, President Continental National Bank, Chicago, Ill.

FIRST VICE-PRESIDENT:

LEWIS E. PIERSON, President Irving National Exchange Bank, New York.

CHAIRMAN EXECUTIVE COUNCIL:

F. O. WATTS, President First National Bank, Nashville, Tenn.

SECRETARY:

FRED. E. FARNSWORTH, 5 Nassau and 11 Pine Streets, New York City.

TREASURER:

P. C. KAUFFMAN, Second Vice-Pres. Fidelity Trust Company, Tacoma, Wash.

ASSISTANT SECRETARY:

WILLIAM G. FITZWILSON, 5 Nassau and 11 Pine Streets, New York City.

GENERAL COUNSEL:

THOMAS B. PATON, 5 Nassau and 11 Pine Streets, New York City.

OFFICERS OF SECTIONS

TRUST COMPANY SECTION

PRESIDENT:

A. A. JACKSON, Second Vice-President Girard Trust Co., Philadelphia, Pa.

FIRST VICE-PRESIDENT:

H. P. MCINTOSH, President Guardian Savings and Trust Co., Cleveland, O.

CHAIRMAN EXECUTIVE COMMITTEE:

OLIVER C. FULLER, President Wisconsin Trust Company, Milwaukee, Wis.

SECRETARY:

PHILIP S. BABCOCK, 5 Nassau and 11 Pine Streets, New York City.

SAVINGS BANK SECTION

PRESIDENT:

JOHN H. JOHNSON, President Peninsular Savings Bank, Detroit, Mich.

FIRST VICE-PRESIDENT:

WILLIAM R. CREER, Secretary Cleveland Savings and Loan Co., Cleveland, O.

CHAIRMAN EXECUTIVE COMMITTEE:

EDWARD L. ROBINSON, Vice-President Eutaw Savings Bank, Baltimore, Md.

SECRETARY:

WILLIAM HANHART, 5 Nassau and 11 Pine Streets, New York City.

CLEARING HOUSE SECTION

PRESIDENT:

E. C. McDOUGAL, President Bank of Buffalo, Buffalo, N. Y.

FIRST VICE-PRESIDENT:

SOL. WEXLER, Vice-President Whitney-Central Nat'l Bank, New Orleans, La

CHAIRMAN EXECUTIVE COMMITTEE:

E. R. FANCHER, Vice-President Union National Bank, Cleveland, O.

SECRETARY:

FRED. E. FARNSWORTH, 5 Nassau and 11 Pine Streets, New York City.

AMERICAN INSTITUTE OF BANKING SECTION

PRESIDENT:

NEWTON D. ALLING, The Nassau Bank, New York City.

VICE-PRESIDENT:

GEORGE A. JACKSON, Continental National Bank, Chicago, Ill.

CHAIRMAN EXECUTIVE COUNCIL:

RALPH C. WILSON, Bankers' National Bank, Chicago, Ill.

SECRETARY:

H. G. PROCTOR, National Bank of Virginia, Richmond, Va.

TREASURER:

LOUIS H. P. MOSS, German-American National Bank, New Orleans, La.

EDUCATIONAL DIRECTOR:

GEORGE E. ALLEN, 5 Nassau and 11 Pine Streets, New York City.

EXECUTIVE COUNCIL:

(Members ex-officio.)

GEORGE M. REYNOLDS, President Continental National Bank, Chicago, Ill.
LEWIS E. PIERSON, President Irving National Exchange Bank, New York City.
JOHN L. HAMILTON, Vice-President Hamilton & Cunningham, Hoopeston, Ill.
I. D. POWERS, Vice-President Third National Bank, Louisville, Ky.

(Members for One Year.)

F. O. WATTS, President First National Bank, Nashville, Tenn.
CLAY H. HOLLISTER, Cashier Old National Bank, Grand Rapids, Mich.
C. Q. CHANDLER, President Kansas National Bank, Wichita, Kan.
EDWIN CHAMBERLAIN, Vice-Pres. San Antonio Loan & Trust Co., San Antonio, Texas.
FREDERICK KASTEN, Vice-President Wisconsin National Bank, Milwaukee, Wis.
F. H. CURTISS, Cashier First National Bank, Bo , Mass.
D. S. CULVER, Vice-President, National German- erican Bank, St. Paul, Minn.
J. K. OTTLEY, Vice-President Fourth National B nk, Atlanta, Ga.
J. T. TRENERY Vice-President First National Bank, St. Joseph, Mo.
J. A. LEWIS, Cashier National Bank of Commerce, St. Louis, Mo.
A. S. BEYMER, Cashier Keystone National Bank, Pittsburg, Pa.
WALTER W. BONNER, Cashier Third National Bank, Greensburg, Ind.
H. L. CHAPMAN, Director Jersey State Bank, Jerseyville, Ill.
L. A. COATE, Vice-President Bank of Commerce, Boise, Idaho.
HIRAM R. SMITH, President Bank of Rockville Center, Rockville Center, N. Y
AUGUST BLUM, Vice-President First National Bank, Chicago, Ill.

(Members for Two Years.)

E. J. BUCK, President City Bank & Trust Company, Mobile, Ala.
WILLIAM J. FIELD, Sec.-Treas. Commercial Trust Co. of New Jersey, Jersey City, N. J.
JOHN H. HOLLIDAY, President Union Trust Company, Indianapolis, Ind.
GEORGE L. RAMSEY, President Union Bank & Trust Company Helena, Mont.

CHARLES E. WARREN, Cashier Lincoln National Bank, New York City.
S. H. BURNHAM, President First National Bank, Lincoln, Neb.
E. D. DURHAM, The Onarga Bank, Onarga, Ill.
N. T. GILBERT, Vice-President Lawton State Bank, Lawton, Okla.
CHARLES B. MILLS, Vice-Pres. People's Trust & Savings Bank, Clinton, Iowa.
E. K. SMITH, Cashier State National Bank, Texarkana, Ark.
E. W. BIXBY, Cashier First National Bank, Ironton, O.
JAMES R. EDMUNDS, Vice-President National Bank of Commerce, Baltimore, Md.
ROBERT E. JAMES, President Easton Trust Company, Easton, Pa.
JAMES A. LATTA, Vice-President Northwestern National Bank, Minneapolis, Minn.
WILLIAM LIVINGSTONE, President Dime Savings Bank, Detroit, Mich.
FRED G. MOFFAT, Cashier First National Bank, Denver, Col.
GEORGE W. PELTIER, Vice-President California National Bank, Sacramento, Cal.
EDWIN W. ROBERTSON, President Nat'l Loan & Exchange Bank, Columbia, S. C.
ALFRED SPENCER, JR., President Ætna National Bank, Hartford, Conn.
FRANK KNOX, President National Bank of the Republic, Salt Lake City, Utah.

(Members for Three Years.)

J. C. AINSWORTH, President United States National Bank, Portland, Ore.
ROBERT L. ARCHER, Cashier West Virginia National Bank, Huntington, W. Va.
BION H. BARNETT, President Barnett National Bank, Jacksonville, Fla.
J. C. BASSETT, President Aberdeen National Bank, Aberdeen, S. Dak.
C. E. BATCHELLER, Cashier First National Bank, Fingal, N. Dak.
GEORGE W. BOLTON, President Rapides Bank, Alexandria, La.
JOHN F. BRUTON, President First National Bank, Wilson, N. C.
W. V. COX, President Second National Bank, Washington, D. C.
I. M. ELLIOTT, President First National Bank, Los Angeles, Cal.
L. A. GODDARD, President State Bank, Chicago, Ill.
W. L. GORGAS, Cashier Harrisburg National Bank, Harrisburg, Pa.
WILLIAM A. LAW, Vice-President Merchants' National Bank, Philadelphia, Pa.
T. W. MCCOY, Cashier Merchants' National Bank, Vicksburg, Miss.
CHAS. H. MCNIDER, President First National Bank, Mason City, Iowa.
JOHN M. MILLER, JR., Vice-President and Cashier First National Bank, Richmond, Va.
MILES C. MOORE, President Baker-Boyer National Bank, Walla Walla, Wash.
LUTHER W. MOTT, Vice-President and Cashier First Nat'l Bank, Oswego, N. Y.
LOGAN C. MURRAY, President American National Bank, Louisville, Ky.
DAVID H. PIERSON, Cashier Bank of the Manhattan Co., New York City.
CHARLES M. SAWYER, President First National Bank, Norton, Kan.
F. J. WOODWORTH, Vice-President First National Bank, Cleveland, O

(Representing Trust Company Section.)

A. A. JACKSON, Second Vice-President Girard Trust Company, Philadelphia, Pa.
H. P. MCINTOSH, President Guardian Savings & Trust Company, Cleveland, O.
OLIVER C. FULLER, President Wisconsin Trust Company, Milwaukee, Wis.

(Representing Savings Bank Section.)

JOHN H. JOHNSON, President Peninsular Savings Bank, Detroit, Mich.
WILLIAM R. CREER, Secretary Cleveland Savings and Loan Company, Cleveland, O.
EDWARD L. ROBINSON, Vice-President Eutaw Savings Bank, Baltimore, Md.

(Representing Clearing House Section.)

E. C. MCDOUGAL, President Bank of Buffalo, Buffalo, N. Y.
SOL. WEXLER, Vice-President Whitney-Central National Bank, New Orleans, La.
E. R. FANCHER, Vice-President Union National Bank, Cleveland, O.

(Representing American Institute of Banking Section.)

J. H. PUELICHER, Cashier Marshall & Ilsley Bank, Milwaukee, Wis.

VICE-PRESIDENTS FOR THE DIFFERENT STATES AND TERRITORIES:

R. P. ANDERSON, Cashier Selma National Bank, Selma, Ala.
S. A. BONNIFIELD, President First National Bank, Fairbanks, Alaska.
A. G. SMITH, Cashier Globe National Bank, Globe, Ariz.
H. L. REMMEL, President Mercantile Trust Company, Little Rock, Ark.
JOSEPH D. RADFORD, Vice-President German-American Savings Bank, Los Angeles, Cal.
B. E. WALKER, President Canadian Bank of Commerce, Toronto, Canada.
E. S. IRISH, Assistant Cashier Denver National Bank, Denver, Col.
B. G. BRYAN, Secretary Colonial Trust Company, Waterbury, Conn.
NORMAN H. DAVIS, Vice-President The Trust Company of Cuba, Havana, Cuba.
PHILIP L. CANNON, President First National Bank, Seaford, Del.
GEORGE W. WHITE, Vice-President Commercial Nat'l Bank, Washington, D. C.
GEORGE E. LEWIS, Assistant Cashier First National Bank, Tallahassee, Fla.
RUFUS H. BROWN, Assistant Cashier Georgia Railroad Bank, Augusta, Ga.
C. C. KENNEDY, President First National Bank of Hilo, Hilo, Hawaiian Isl.
FRANK W. KETTENBACH, President Lewiston National Bank, Lewiston, Idaho.
W. E. STONE, Vice-President and Cashier First National Bank, Peoria, Ill.
CHARLES E. BOND, Vice-President Old National Bank, Fort Wayne, Ind.
A. F. BALCH, President Marshalltown State Bank, Marshalltown, Iowa.
T. J. KEENAN, President Isle of Pines Bank, Nueva Gerona, Isle of Pines.

W. J. BAILEY, Vice-President Exchange National Bank, Atchison, Kan.
S. THURSTON BALLARD, Vice-President Louisville National Banking Company, Louisville Ky.
N. E. NORTH Cashier First National Bank, Lake Charles, La.
E. G. WYMAN, Cashier First National Bank, Bangor, Me.
WALDO NEWCOMER, President National Exchange Bank, Baltimore, Md.
FREDERICK W. RUGG, President Nat'l Rockland Bank of Roxbury, Boston, Mass.
MAX MULLER, Manager Banco de Sonora, Hermosillo, Sonora, Mexico.
DUDLEY E. WATERS, President Grand Rapids Nat'l Bank, Grand Rapids, Mich.
F. A. CHAMBERLAIN, President Security National Bank, Minneapolis, Minn.
WALKER BROACH, Cashier First National Bank, Meridian, Miss.
J. G. SCHNEIDER, Vice-President German-American National Bank, St. Joseph, Mo.
A. J. DAVIS, President First National Bank, Butte, Mont.
S. K. WARRICK, Cashier First National Bank, Alliance, Neb.
FRANK C. BATES, Director First National Bank, Somersworth, N. H.
DEWITT VAN BUSKIRK, Vice-President First National Bank, Bayonne, N. J.
R. M. TURNER, Vice-President Sierra County Bank, Hillsboro, N. Mex.
GEORGE S. NIXON, President First National Bank, Winnemucca, Nev.
ARTHUR KAVANAGH, Cashier National City Bank, New York, N. Y.
W. H. WHITE, Cashier First National Bank, Salisbury, N. C.
R. C. KITTEL, First National Bank, Casselton, N. Dak.
SAMUEL D. FITTON, President First National Bank, Hamilton, O.
H. L. JARBOE, JR., Cashier Oklahoma State Bank, Chickasha, Okla.
T. G. HENDRICKS, President First National Bank, Eugene, Ore.
E. E. LINDEMUTH, President Clearfield Trust Company, Clearfield, Pa.
WILLIAM MÜLLENHOFF, of Müllenhoff & Korber, San Juan, Porto Rico.
FRANK W. PEABODY, Cashier Atlantic National Bank, Providence, R. I.
J. P. MATHEWS, Cashier Palmetto National Bank, Columbia, S. C.
R. H. DRISCOLL, Cashier First National Bank, Lead, S. Dak.
J. E. FOX, Cashier First National Bank, Rockwood, Tenn.
W. H. RIVERS, President Elgin National Bank, Elgin, Texas.
W. S. MCCORNICK, of McCornick & Co., Salt Lake City, Utah.
BRADLEY B. SMALLEY, President Burlington Trust Company, Burlington, Vt.
P. M. POLLARD, Cashier Petersburg Savings & Insurance Co., Petersburg, Va.
VICTOR A. ROEDER, President Bellingham National Bank, Bellingham, Wash.
HARRY W. CHADDUCK, Cashier Grafton Banking & Trust Co., Grafton, W. Va
E. C. ZIMMERMAN, Cashier Marathon County Bank, Wausau, Wis.
T. A. COSGRIFF, President First National Bank, Cheyenne, Wyo.

COMMITTEES OF THE ASSOCIATION

CURRENCY COMMISSION:

A. B. HEPBURN, President Chase National Bank, New York City, *Chairman.*
JAMES B. FORGAN, President First Nat'l Bank, Chicago, Ill., *Vice-Chairman.*
MYRON T. HERRICK, Chairman Society for Savings, Cleveland, O.
FESTUS J. WADE, President Mercantile Trust Co., St. Louis, Mo.
JOSEPH T. TALBERT, Vice-President Commercial National Bank, Chicago, Ill.
CHARLES H. HUTTIG, President Third National Bank, St. Louis, Mo.
JOHN PERRIN, President American National Bank, Indianapolis, Ind.
LUTHER DRAKE, President Merchants' National Bank, Omaha, Neb.
SOLOMON WEXLER, Vice-Pres. Whitney-Central Nat'l Bank, New Orleans, La.
ROBERT WARDROP, President People's National Bank, Pittsburg, Pa.
ARTHUR REYNOLDS, President Des Moines National Bank, Des Moines, Ia.
E. F. SWINNEY, President First National Bank, Kansas City, Mo.
JOSEPH A. MCCORD, Vice-President Third National Bank, Atlanta, Ga.
W. V. COX, President Second National Bank, Washington, D. C.
JOHN L. HAMILTON, Vice-President Hamilton & Cunningham, Hoopeston, Ill.
FRED. E. FARNSWORTH, New York, Secretary.

FINANCE COMMITTEE:

GEORGE M. REYNOLDS, Pres. Continental Nat'l Bank, Chicago, Ill., *Chairman.*
C. O. CHANDLER, President Kansas National Bank, Wichita, Kan.
E. J. BUCK, President City Bank and Trust Company, Mobile, Ala.
C. E. BATCHELLER, Cashier First National Bank, Fingal, N. Dak.
CHARLES E. WARREN, Cashier Lincoln National Bank, New York City.
N. T. GILBERT, Vice-President Lawton State Bank, Lawton, Okla.
CHARLES B. MILLS, Vice-Pres. People's Trust & Savings Bank, Clinton, Iowa.
BION H. BARNETT, President Barnett National Bank, Jacksonville, Fla.
FRED G. MOFFAT, Cashier First National Bank, Denver, Col.
F. J. WOODWORTH, Vice-President First National Bank, Cleveland, O.

COMMITTEE ON BILLS OF LADING:

LEWIS E. PIERSON, Pres. Irving Nat'l Exchange Bank, New York, *Chairman.*
WILLIAM LIVINGSTONE, President Dime Savings Bank, Detroit, Mich.
F. O. WETMORE, Vice-President First National Bank, Chicago, Ill.
J. A. LEWIS, Cashier National Bank of Commerce, St. Louis, Mo.
WM. INGLE, Cashier Merchants' National Bank, Baltimore, Md.

STANDING LAW COMMITTEE:

W. J. FIELD, Sec. and Treas. Com. Trust Comp., Jersey City, N. J., *Chairman.*
HENRY DIMSE, Vice-President Century Bank, New York City.
P. C. KAUFFMAN, Second Vice-President Fidelity Trust Co., Tacoma, Wash.
JOHN K. OTTLEY, Vice-President Fourth National Bank, Atlanta, Ga.
HENRY B. WILCOX, President First National Bank, Baltimore, Md.
THOMAS B. PATON, Counsel and Secretary, 11 Pine Street, New York City.

FEDERAL LEGISLATIVE COMMITTEE:

ARTHUR REYNOLDS, Pres. Des Moines Nat'l Bank, Des Moines, Iowa, *Chairman.*
E. F. SWINNEY, President First National Bank, Kansas City, Mo.
JOSEPH A. MCCORD, Vice-President Third National Bank, Atlanta, Ga.
W. V. COX, President Second National Bank, Washington, D. C.
JOHN L. HAMILTON, Vice-President Hamilton & Cunningham, Hoopeston, Ill.

COMMITTEE ON EXPRESS COMPANIES AND MONEY ORDERS:

JOSEPH CHAPMAN, JR., V.-Pres. Northwestern Nat'l Bank, Minneapolis, Minn., *Chairman.*
FRED. I. KENT, Vice-President Bankers' Trust Co., New York, N. Y.
MILTON E. AILES, Vice-President Riggs National Bank, Washington, D. C.
THORNTON COOKE, Treasurer Fidelity Trust Company, Kansas City, Mo.
E. D. DURHAM, The Onarga Bank, Onarga, Ill.

AMERICAN INSTITUTE OF BANKING COMMITTEE:

J. H. PUELICHER, Cashier Marshall & Ilsley Bank, Milwaukee, Wis., *Chairman.*
JOHN F. THOMPSON, Vice-President Bankers' Trust Co., New York City.
E. D. HULBERT, Vice-President Merchants' Loan and Trust Co., Chicago, Ill.

DECLARATION

(WHICH PRECEDES CONSTITUTION AND BY-LAWS)

In order to promote the general welfare and usefulness of banks and banking institutions, and to secure uniformity of action, together with the practical benefits to be derived from personal acquaintance and from the discussion of subjects of importance to the banking and commercial interests of the country, and especially in order to secure the proper consideration of questions regarding the financial and commercial usages, customs and laws which affect the banking interests of the entire country, and for protection against loss by crime, we submit the following Constitution and By-Laws for The American Bankers' Association:

ANNUAL DUES

Private Bankers, and Banking Firms				$10.00
Banks and Trust Companies, with less than $100,000 capital and surplus				10.00
Banks and Trust Companies, with	$100,000	capital and surplus, and less than	$250,000	20.00
Banks and Trust Companies, with	250,000	capital and surplus, and less than	500,000	25.00
Banks and Trust Companies, with	500,000	capital and surplus, and less than	750,000	30.00
Banks and Trust Companies, with	750,000	capital and surplus, and less than	1,000,000	40.00
Banks and Trust Companies, with	1,000,000	capital and surplus, and less than	5,000,000	50.00
Banks and Trust Companies, with	5,000,000	capital and surplus, and over		75.00

Dues for Savings Banks without Capital are based on Surplus or Reserve Fund, as per above schedule.

Dues for Branch Banks without separate Capital specifically set aside therefor 10.00

Dues for Branch Banks with separate Capital are based on the above schedule.

JOURNAL of the
AMERICAN BANKERS ASSOCIATION
ISSUED THE TENTH OF EACH MONTH AT
11 PINE STREET. NEW YORK, N.Y.

SUBSCRIPTION ONE DOLLAR A YEAR.
Entered as second-class matter, May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

VOL. 2. AUGUST, 1909 No. 2

THE FAR WEST AND PACIFIC COAST IN THE AMERICAN BANKERS' ASSOCIATION

WITH a large and interested membership in the Pacific coast cities, it seemed an opportune time during the Western conventions for an executive officer of the American Bankers' Association to visit this section. The Secretary has just returned from a profitable trip of six weeks; having stopped en route at Minneapolis for the Minnesota Bankers' Association convention, which was well attended and successful, where he made an address on "Problems of the American Bankers' Association," joining at that point a special train of the American Institute of Banking bound for Seattle. Stops were made at Missoula, Butte and Spokane.

The Seattle conventions are now a matter of history. The Institute of Banking convention was one of the best in its series, and the Tri-State convention, comprising Washington, Oregon and Idaho, was largely attended and enthusiastic.

On the return trip the Secretary made stops at Tacoma, Portland, Hood River, San Francisco, Santa Cruz, Watsonville, Monterey, Santa Barbara, Los Angeles, Passadena, Salt Lake, Colorado Springs, Denver, Omaha and Chicago. Visits were made on many of the banks in these cities where a large, loyal and earnest membership of the American Bankers' Association was found, and courtesies were extended to the Secretary which were greatly appreciated.

The bankers of Los Angeles, having extended an invitation to the American Bankers' Association to hold its convention of 1910 in that city, and as an invitation will again be presented at the Chicago convention, it seemed very desirable that an examination into the facilities of Los Angeles be made at this time as to hotels and convention hall; the matter of disposition, ability and enthusiasm of the Los Angeles bankers not being questioned. During the week that the Secretary was in Los Angeles, the city entertained the Elks and there was a registration of thirty-eight thousand. There is no better convention hall in the country for business sessions than the Auditorium Theater at Los Angeles, and there are a large number of fine hotels which know how to handle guests, and especially a crowd. Los Angeles is a beautiful city, with many fine banking offices and energetic people, and the American Bankers' Association will make no mistake in accepting the invitation of the Los Angeles bankers—as fine a body of men as can be found anywhere.

The membership in the Association from the Pacific coast States is as follows: California, 401; Washington, 202; Oregon, 119.

PROTECTIVE WORK

Separate Department in Charge of an Experienced Manager

IT has been apparent for some time to the Protective Committee and the Secretary, that with the large increase of work and the details pertaining thereto in the general offices of the Association, and the increased activity in the various departments, the protective work was not receiving the close attention and time required. When this feature was first taken up, and for several years thereafter, it was in charge of a Secretary who gave all of his time to it, and was also furnished with an assistant, good salaries being paid for their services, with a separate office away from the general offices of the Association. Ex-Secretary Branch, believing that this work should be done in the general office, in which opinion he was correct, had it removed and placed in the hands of himself and Assistant Secretary, since which time it has been in charge of the Secretary and Assistant Secretary of the Association.

The recommendation of the Protective Committee and the Secretary to the Executive Council meeting last May was approved, and after an investigation by a special committee, authority was given to create a department and place in charge a thoroughly competent manager—one who would give all of his time to its duties, and one who had had years of experience in work of this class.

This new department was opened on the second of August this year, and Mr. L. W. Gammon, formerly agent in charge of the Buffalo Division of the United States Secret Service of the Treasury Department, was placed in charge. The Executive Officers are confident, that in this departure, the Association will receive intelligent, comprehensive and expeditious service—there being no change in the present relations with the Pinkerton's National Detective Agency, Manager Gammon representing the American Bankers' Association.

Mr. Gammon entered the office of the Chief of the Secret Service of the United States at Washington in October, 1893. In December, 1899, he was transferred to the field force, and in March, 1902, placed in charge of the Buffalo Division of the United States Secret Service, this district being one of the most important in the country because of its locality along the Canadian border. Mr. Gammon was so efficient in this section that he kept the border free of counterfeiters, attracting the attention of the bankers of the country by his clever work. The scope of his work in the Secret Service embraced the investigation of all classes of crime against the Government, including the locating and apprehending of fugitives from justice connected with the various departments of the Government; the investigation of fraudulent bankruptcy proceedings; the investigation of different lottery companies in violation of the Federal Statutes; the investigation of fraudulent contracts with the Navy, and thefts, etc., from navy-yards and barracks connected with that Department.

After June 30, 1908, when Congress limited the work of the Secret Service Department, Mr. Gammon's duties were confined to the investigating and suppressing of counterfeiting obligations and securities of the United States and foreign countries relating to the laws of counterfeiting, and in the nature of this particular work, was brought into daily contact with bankers. His close connection with the Government for the past sixteen years has enabled him to become personally acquainted with practically all of the Government officers and local officers throughout the country.

In 1897 Mr. Gammon graduated from the Columbian University (now George Washington University, Washington, D. C.), Law Department, with the degree of LL. B., and in the following year graduated from the National University, Washington, D. C., with the degree of LL. M. He received his early training in St. Paul's School, Garden City, Long Island.

On the 31st of last month Mr. Gammon resigned from the Government service to accept the present position tendered him by the American Bankers' Association, and commenced his duties at the Association offices on the second of this month.

State Vice-Presidents American Bankers' Association

As has been the custom in the past, the general program for the Chicago Convention will embody the roll call of vice-presidents for five-minute speeches. In the past, many of those five-minute talks have been along lines that were far from banking topics; some good stories have been told, and advertising of states indulged in, eulogistic of its citizens, beautiful scenery, etc.

At the last meeting of the Council at Briarcliff the secretary was instructed to communicate with the vice-presidents on this subject, and the following is published for their information:

It is desirable to make the five-minute reports of State vice-presidents a symposium of banking and commercial conditions. Each State is noted for some particular industry, or class of industries, which can be discussed in an interesting and instructive way. For example: what is there new in manufacturing that might affect the value of products and plants? How much of our bountiful crops may be due to improved agricultural methods? What will be the effect of irrigation projects now under way? Are municipal bonds and farm mortgages conservatively issued? Are modern improvements making rural life sufficiently attractive to decrease emigration to the cities?

DRAFTS FOR MEMBERSHIP DUES FOR FISCAL YEAR 1909-10

Following the usual custom of drawing drafts on our members for dues, payable September 1st of each year, drafts will be sent members September 1st, next, by our Treasurer, Mr. P. C. Kauffman, through the Fidelity Trust Company of Tacoma, Wash.

Owing to our large membership, this is the best method of collecting dues, as the bulk of our funds become immediately available, and, in addition, save considerable delay and correspondence, which would otherwise ensue.

Our membership is now 10,500 and, therefore, the above method will, no doubt, be appreciated by our members and the drafts promptly honored.

THE offices of the Association, being so centrally located in the financial district—corner of Nassau and Pine Streets—make a very convenient place for members and their friends to meet when in New York. One of the large offices has been fitted up as a library and reading room, in which are kept on file the financial papers of the country and other current literature. Every facility has been provided for correspondence, and the Association's stenographers are at the service of the members, who can have their mail and telegrams sent in care of the office. The Association telephone is also at their service when they wish to communicate with the banks or their friends. The members are cordially invited to avail themselves of these privileges, and it is very much hope they will do so.

The following visitors registered during the month of July:

CLARENCE S. WELLER, Manager Credit Dept., Franklin Trust Co., New York City.
CHARLES N. STEVENS, Cashier City National Bank, Evanston, Ill.
E. H. SMITH, Assistant Cashier Chemical National Bank, New York City.
I. SNOWDEN HAINES, Cashier Mechanics National Bank, Burlington, N. J.
F. K. PLOYER, Cashier Second National Bank, Mechanicsburg, Pa.
SIDDONS STOLLENWERCK, Cashier Watkins Banking Co., Faunsdale, Ala.
G. E. LEWIS, Cashier Gallatin National Bank, New York City.
W. J. B. PATTERSON, Editor *The Texas Banker,* Dallas, Tex.
OLIVER C. FULLER, President Wisconsin Trust Co., Milwaukee, Wis.
J. T. A. HOSBACH, Auditor Fourth Street National Bank, Philadelphia, Pa.
F. O. WATTS, President First National Bank, Nashville, Tenn.
COL. JOHN F. BRUTON, President First National Bank, Wilson, N. C.
LUCIUS TETER, President Chicago Savings Bank & Trust Co., Chicago, Ill.
CARROLL PIERCE, Vice-President Citizens' National Bank, Alexandria, La.
G. BYRON LATIMER, President First National Bank, Rockville Center, N. Y.
E. F. PILLOZ, Assistant Cashier Lincoln National Bank, Rochester, N. Y.
A. F. FREEMAN, Attorney First National Bank, Ann Arbor, Mich.
WM. J. HENRY, Secretary New York State Bankers' Association, New York City.
H. C. LUCAS, Vice-President Yakima Trust Co., North Yakima, Wash.
J. C. PURDY, Irving National Exchange Bank, New York City.
FRED. I. KENT, Vice-President Bankers' Trust Co., New York City.
F. A. DRURY, President Merchants' National Bank, Worcester, Mass.
B. V. LEIGH, Cashier Clinton National Bank, Clinton, N. J.
MORRIS GOLDWATER, Secretary Arizona Bankers' Association, Prescott, Ariz.
W. D. HOWARTH, Member Scranton Chapter A. I. B., Pittston, Pa.
JAMES R. EDMUNDS, Vice-President National Bank of Commerce, Baltimore, Md.
N. P. GATLING, Secretary Virginia Bankers' Association, Lynchburg, Va.
A. A. JACKSON, Vice-President Girard Trust Co., Philadelphia, Pa.

It having become apparent through recent developments in the protective work of the Association that bank forgers are securing sample checks from engraving, printing and stationery houses, utilizing these samples for reproduction of checks and drafts, houses which furnish checks and drafts should not distribute samples promiscuously and banks should discourage this custom by notifying the firms from whom they secure their supply.

JOURNAL of the
AMERICAN BANKERS ASSOCIATION
DEVOTED TO THE SCIENCE OF BANKING AND FINANCE

VOL. 2 AUGUST, 1909 No. 2

FRED. E. FARNSWORTH, PUBLISHER
Secretary American Bankers' Association
THOMAS B. PATON, EDITOR
General Counsel American Bankers' Association
W. W. WAINE, ASSOCIATE EDITOR

STATE BANKERS' ASSOCIATIONS

Permanent Headquarters—Permanent Secretary

CONDITIONS have changed in recent years as to the standard of State Bankers' Associations. In the early eighties it occurred to bankers in different parts of the country that it would be greatly to their advantage to form organizations in their respective States to protect and further the interests of the banking profession. To this end, therefore, the first few State Bankers' Associations were organized, and from time to time other States have followed suit, until at the present writing there is a bankers' association in every State in the Union, with the exception of three of the smaller States.

The main feature up to a few years ago was the annual convention, at which addresses were delivered, banking topics discussed and ideas exchanged. As the years rolled by, however, a larger field has developed and the scope broadened for effective work to such an extent that it is now a recognized fact that a live and aggressive association is a most important factor in the welfare of the banking interests. It is of paramount moment that all the different lines of work should have a man of executive ability to give undivided attention to them, as it means not only continued activity in maintaining the interest of the members in their State organization and evolving methods to increasing the membership until every bank in the State becomes affiliated with the State Association, but the guiding of all matters pertaining to banking legislation, the carrying on of the protective features, the bonding and burglary insurance, and many other details.

It is evident to anyone who has studied the question that in order to do full justice to the duties pertaining to a live, progressive, up-to-date State Bankers' Association, the Secretary should devote all his time and energies to its affairs and should have permanent headquarters. Several States have already adopted this plan, and it has proved an unqualified success.

In organization there is strength, and the larger the membership, the more potent is its influence, but it requires continuous work for continuous success.

CONVENTION PROGRAM

AN unusually attractive program is that submitted in this issue of the JOURNAL. It has been the aim of the Executive Officers of the Association to raise the standard of the literary offerings at the annual conventions, and those who were so fortunate as to attend the annual meeting at Denver last year agreed that one of the best programs in the history of the Association was that of 1908. This year's program is in no sense behind that of last year.

Speaker Cannon's ability and record as a statesmen is too well known to require comment. Hon. James J. Hill is one of the great and successful men in the railroad world, as is evidenced by the building of the Great Northern through the wilderness and the success it has attained. He is a student and a thinker and will handle his subject in a masterly manner. Comptroller Murray, in his position coming into contact with so large a number of the members of the Association, with the record he has made so far and with his determination, if possible, to improve the service, will be listened to with great interest. James B. Forgan, President of the First National Bank of Chicago, needs no introduction to the bankers of the United States, and his many friends will anticipate with a great deal of pleasure listening to his address on a subject which is a live topic to-day and on which Mr. Forgan has given much thought and study. Dr. Kilgo, President of Trinity College, Durham, N. C., is not so well known in the North, and his address before the Association will be a surprise to those who hear him. His friends in the South cannot speak too highly of his ability in building up this thriving Southern college, his resourcefulness, his classic scholarship and his magnetism as an orator.

The general program of business, reports of officers and committees cover the whole field of work of the Association.

The entertainment features proposed by the Chicago bankers, while in no way interfering with the business sessions of the convention, will equal, if not excel, in variety and lavishness anything that has heretofore been presented to the members of the Association. Chicago, the second city and the metropolis of the West, will leave nothing undone to make the Thirty-fifth Annual Convention the greatest and most successful in the history of the Association.

AMERICAN INSTITUTE OF BANKING SECTION

The convention of the American Institute of Banking, held in Seattle, rearranged the Institute study courses and examinations in accordance with the following resolutions:

"(1) RESOLVED: That the Institute courses of study in practical banking and political economy be combined in one course entitled 'Banking and Finance' to include bank practise and such principles of economics as pertain to banking.

"(2) RESOLVED: That the Institute course of study in commercial law be enlarged and hereafter conducted under the more comprehensive name of commercial and banking law.

"(3) RESOLVED: That the reading courses now conducted by the Correspondence Chapter be assumed by the Institute and text-books and syllabi be created, when funds are available, for the use of chapter classes in general and more particularly for chapter classes where other educational facilities are not available.

"(4) RESOLVED: That in accordance with such changes and extensions the regulations of the Institute covering required study and examinations be revised and re-stated as follows:

"Educational Standard.—The paramount object of the Institute is to fix and maintain a recognized standard of education in banking and finance and commercial and banking law, by means of official examinations and the issuance of certificates. Such certificates are issued in the name of the 'American Bankers' Association, American Institute of Banking Section,' signed by officers of the American Bankers' Association and the American Institute of Banking.

"Examinations for Certificates.—Examinations for certificates are termed final examinations and are conducted under such regulations as the Institute may determine. Credit is given severally for final examinations successfully undergone, but certificates are issued only to students who have passed final examinations in both banking and finance and commercial and banking law. Graduation at approved schools of banking and finance will be accepted as equivalents of Institute final examinations in that subject. Graduation at approved schools of law or membership of the bar will be accepted as equivalents of the Institute final examinations in commercial and banking law.

"Preparatory Work.—To be eligible to final examination in either of the subjects of banking and finance, or commercial and banking law, any student must have done at least fifty hours of class or correspondence study in that subject under one or more approved instructors and have passed a satisfactory preliminary examination conducted either by the Institute or by some duly qualified examiner to whom authority has been officially delegated. Credit will be given severally for preliminary examinations successfully undergone, but no certificates will be issued in connection with preliminary examinations."

The subject of small chapters, as well as large ones, was given much careful attention and the Institute put itself upon record as favoring the organization of new chapters in cities wherever the educational spirit is manifest. To promote such work the president of the Institute was authorized and directed to appoint a committee on Institute extension, whose duties shall be not only to visit existing chapters, but to assist in the organization of new chapters wherever there seems to be reasonable prospect of their success. The Extension Committee will work in co-operation with the educational director in the prolific feat of furnishing suggestions and inspiration for chapter work. The growth of the Institute has made it impossible for the educational director to visit all or even a majority of chapters and the theory of the Extension Committee is to utilize Institute members who travel for banks to aid in such work without material expense to the national organization.

The consolidation of the old study courses in practical banking and political economy into a single course entitled Banking and Finance promises to overcome some difficulties which have heretofore been manifest. There is no dividing line between banking and economics and it is believed that the consolidated course will be easier to operate and easier to explain. There is much popular prejudice against what is commonly supposed to be political economy and in teaching that subject heretofore too much attention has been paid to such features as the tariff, the relationship between capital and labor and the theories of Henry George. Such subjects are proper for general study, but it is believed that banking education should be more closely confined in form, as well as fact, to such principles of political economy as come under the more specific title of finance. The consolidated study course is arranged accordingly.

Many of the problems of banking pertain to law and the Institute has enlarged and extended its work in this direction. The old study course in commercial law has been enlarged and is now entitled Commercial and Banking Law. The new name is longer than the old one, but it is more specific and requires less explanation. It covers the subject of commercial law in general and particularizes in the parts of commercial law pertaining to negotiable instruments and the duties and responsibilities of banks and bank officers and employees.

An innovation in Institute work is the preparation of standard courses of lectures in "Banking and Finance" and "Commercial and Banking Law." Such lectures are typewritten and are intended to be read in chapters by some chapter member appointed for that purpose. In connection with each lecture are quizzes to be conducted by the instructor in charge who will have a key to the quizzes for his personal use.

The lectures thus provided are not intended to supersede chapter work conducted in alliance with educational institutions by professional instructors, but they may be used to supplement such work wherever desirable.

The course of lectures thus provided in Banking and Finance will consist, during the coming year, of the leading papers prepared for the Institute text-book and various papers on finance prepared by competent authorities on such subjects.

BY-LAWS OF THE AMERICAN BANKERS' ASSOCIATION

AS AMENDED BY THE EXECUTIVE COUNCIL, MAY 5TH, 1909

First. The annual dues to the Association shall become due and payable in advance September 1st of each year, which date shall be the commencement of the fiscal year of the Association.

Second. The annual dues of the members of this Association, including annual subscription to its monthly JOURNAL, shall be $10.00 for Banks and Trust Companies having an aggregate capital and surplus of less than $100,000, private bankers and banking firms; $20.00 for Banks and Trust Companies having an aggregate capital and surplus of $100,000 and less than $250,000; $25.00 for Banks and Trust Companies having an aggregate capital and surplus of $250,000 and less than $500,000; $30.00 for Banks and Trust Companies having a capital and surplus of $500,000 and less than $750,000; $40.00 for Banks and Trust Companies having a capital and surplus of $750,000 and below $1,000,000; $50.00 for Banks and Trust Companies having a capital and surplus of $1,000,000 and below $5,000,000; $75.00 for Banks and Trust Companies having a capital and surplus of $5,000,000 and over.

Each member of the Association having a branch or branches, without separate capital specifically set aside therefor, and desiring to have such branch or branches become members of this Association, must pay annual dues in addition of $10.00 for each such branch. In case any branch has a separate capital, dues must be paid for such branch according to capital the same as if it were an independent member.

Dues for savings banks without capital are based on surplus or reserve fund.

The annual dues of members who do not subscribe to the JOURNAL shall in each case be one dollar less than the amounts above specified.

Third. The official publication of the Association shall be issued monthly under the direction of the Secretary and the General Counsel and shall be called the JOURNAL OF THE AMERICAN BANKERS' ASSOCIATION. Subscription price for such publication shall be one dollar a year. Out of the annual dues of each member who subscribes therefor, provided in By-law Second, there shall be set aside the sum of one dollar in payment of each such member's annual subscription which shall be actually used for the purpose of said publication.

Fourth. These by-laws may be amended by the Executive Council by a two-thirds vote of the members present at any meeting thereof.

Credit Blanks

At the 1899 Convention in Cleveland, Mr. James G. Cannon, of New York, made an address on "Uniform Statement Blanks and Credit Department Methods." In this connection he submitted special blanks which had been prepared for use in the credit department of banks. These forms begin with the opening of an account and show the various stages of its progress during the application for discount, until the loan is finally placed to the borrower's credit. They are divided into three departments designated as A, B and C. Class "A" is for the use of banks with a capital and surplus of $500,000 and over; Class "B," with a capital and surplus of $100,000 to $500,000, and Class "C," $25,000 to $100,000.

We have a quantity of samples of these credit blanks in the Association offices and the Secretary will be pleased to forward samples to any members of the Association who desire them.

Documents for Distribution

The Association has on hand quite a quantity of printed matter appertaining to the work of the Bills of Lading Committee, which will be sent to such members as may desire same if they will notify this office. The list is as follows:

New Uniform Bills of Lading.
Constitutionality of Proposed Act (H. R. 14934) relating to Bills of Lading.
Pennsylvania Speech—L. E. Pierson.
Little Rock, Arkansas, Speech—Thomas B. Paton.
Jamestown, Virginia, Speech—Thomas B. Paton.
Oklahoma Speech—Evans Woollen.
Draft of (State) Act relating to Bills of Lading, with Statement of Counsel and Digest of State Statutes.

A quantity of the following currency documents is on hand in the Secretary's office. If any of our members want copies with which to do educational work, we will be pleased to send them on advice to that effect:

Report of The Currency Commission of the American Bankers' Association.

Report of Currency Commission of American Bankers' Association, made at a meeting held at Chicago, Saturday, January 18, 1908.

Statement of Currency Commission of American Bankers' Association, presented to House Committee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.

Credit Currency. By Elmer H. Youngman, Editor *Bankers' Magazine.*

Address of Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, on the Financial Situation, before The Illinois Manufacturers' Association, at Chicago, December 10, 1907.

Guaranty of National Bank Deposits. By James B. Forgan, President First National Bank, Chicago, Illinois, before the Annual Meeting of Group Two of the Bankers' Association of the State of Illinois, held at Peoria, June 11, 1908.

Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.

Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies. Rules and Forms.

Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars."

THE CHICAGO CONVENTION

September 13-17, 1909

The preliminary program as arranged by the executive officers is as follows:

MONDAY, SEPTEMBER 13, 1909.

Committee Meetings and Registration at Auditorium Hotel and Annex.
Finance Committee, 10 A. M.
Executive Council Meeting at Auditorium Hotel, 2 P. M.

Monday Evening.

Executive Council Banquet, at Annex, Tendered by the Bankers of Chicago.

TUESDAY, SEPTEMBER 14, 1909.

10.00 A. M. at Auditorium Theatre.

First day's session of the Association Convention.
Invocation.
Addresses of Welcome, Hon. Chas. S. Deneen, Governor of Illinois; Joseph T. Talbert, President of Chicago Clearing House Association.
President's Annual Address, George M. Reynolds, Chicago, Illinois.
Response to Addresses of Welcome, Col. Robert J. Lowry, Atlanta, Ga. ex-President of the Association.
Annual Report of the Secretary, Fred. E. Farnsworth, New York.
Annual Report of the Treasurer, P. C. Kauffman, Tacoma, Wash.
Report of the Auditing Committee.
Report of the Executive Council, F. O. Watts, Chairman.
Annual Report of the Standing Protective Committee.
Informal Address by Hon. Joseph G. Gannon, Speaker of the House of Representatives, Washington, D. C.

2.00 P. M. at Auditorium Theatre.

Report of Bill of Lading Committee, L. E. Pierson, Chairman.
Report of the Committee on Express Companies and Money Orders, Jos. Chapman, Jr., Chairman.
Address by Hon. Lawrence O. Murray, Comptroller of the Currency.
Address by Hon. James J. Hill, of St. Paul, Chairman of the Board, Great Northern Railroad.

Tuesday Evening.

Informal Entertainment at the Coliseum, for Delegates, Guests and Ladies.

WEDNESDAY, SEPTEMBER 15, 1909.

Annual Meeting Trust Company Section, 10 A. M.
Annual Meeting Clearing House Section, 10 A. M.

Wednesday Afternoon.

Boat ride on Lake Michigan to Gary, Indiana, and return. Those desiring to do so will be given an opportunity to visit the plant of the Indiana Steel Company at Gary.

Wednesday Evening.

First Annual Dinner of the "Council Club."

THURSDAY, SEPTEMBER 16, 1909.

Annual Meeting, Savings Bank Section, 10 A. M.
Annual Meeting, Organization of Secretaries of State Bankers' Associations, 10 A. M.

Thursday Afternoon.

Nominating Committee, 2 P. M.
The packers of Chicago will provide a special train to the Stock Yards for the gentlemen who desire to visit the packing houses while in operation.

Thursday Evening.

Reception and ball at the Auditorium Theatre, which will be especially prepared for the occasion.

FRIDAY, SEPTEMBER 17, 1909.

Second Day's Session of the Association Convention, 10 A. M.
Invocation.
Reports of Committees:
Currency Commission.
Federal Legislative.
American Institute of Banking.
Standing Law.
Special.
Invitations for Next Convention.
Address by James B. Forgan, President First National Bank of Chicago.

2 P. M.

Address by Dr. John C. Kilgo, President Trinity College, Durham, N. C.
Five-Minute Talks, Vice-Presidents of States.
Unfinished Business.
Resolutions.
Report of the Nominating Committee.
Action on same.
Installation of Officers.
Adjournment.

Friday Evening.

Meeting of new Executive Council at Auditorium Hotel, 7.30 P. M.

TRUST COMPANY SECTION

Attention of members is called to the change in time of meeting of this section, heretofore held on the day preceding the convening of the main association; the meeting will now be held on Wednesday, September 15th, in the Egyptian Banquet Hall, Auditorium Hotel, and the following programme has been arranged, subject to such change as may become necessary:

Meeting to be called to order by the President of the Section at 10 A. M.

Prayer.

Address of Welcome on behalf of the Trust Companies of Chicago—by Mr. Edwin A. Potter. President American Trust & Savings Bank, Chicago, Ill.

Reply to Address of Welcome and Annual Address—by the President, Mr. A. A. Jackson.

Secretary's Report—by Mr. Philip S. Babcock.

Report of Executive Committee—by Mr. Oliver C. Fuller, Chairman.

Report of Committee on Protective Laws—by Mr. Lynn H. Dinkins, Chairman.

Remarks—by Hon. James A. Sherman, Vice-President of the United States.

Address: "Post Mortem Administration of Wealth"—by Mr. Daniel S. Remsen of the New York Bar.

Address: "Trust Company Resources and Revenues—A Five-Year Summary"—by Mr. Edward T. Perine, President Audit Company of New York.

TOPICS FOR DISCUSSION

The following subjects have been selected as of interest to the Section and, it is hoped, that they may promote active discussion by members present, who are urged to speak freely upon them:

1. Limitations of the Functions of a Trust Company.
2. Duties and Responsibilities of Trustees Under Corporate Mortgages.
3. Value and Responsibility of a Safe Deposit Department.
4. Mortgages as Investments for Savings Funds of a Trust Company.

Roll-call of States, with brief replies by Vice-Presidents of the Section, setting forth trust company conditions in their respective States (including reports as to State Associations of trust companies and recent changes in trust company laws).

SAVINGS BANK SECTION

The membership of the Savings Bank Section at the present date is 1,635 as against 1,523 in September, 1908, showing a net gain of 112 members, after deducting some 44 banks who have either merged, failed or who have lapsed in their membership.

A number of books of Printed Forms have been sold since the last issue of the JOURNAL. It is particularly recommended that new banks or banks establishing savings departments should obtain a copy of this excellent book, comprising as it does over 600 of the most useful and typical forms used by the progressive savings banks of this country.

The annual convention to be held in Chicago in September promises, from present indications, to be the largest on record for the Savings Bank Section. The following will form the subjects of the main addresses to be delivered at the meeting:

1. "Savings Banks Mortgage Loans," by R. M. Welch, Secretary of the California Bankers' Association and Cashier of the San Francisco Savings Union, San Francisco, Cal., and by William R. Creer, Secretary of the Cleveland Savings Bank & Loan Co., Cleveland, Ohio.
2. "Serial Bonds," by Robert M. Rother, President of the Hopkins Place Savings Bank, Baltimore, Md.
3. "The Segregations and Safeguarding of Savings Deposits," by Hon. H. M. Zimmerman, Commissioner of the Banking Department of Michigan.
4. "Branch Savings Banks," by Edward B. Carney, Treasurer of the Lowell Institution for Savings, Lowell, Mass.
5. "The Department of Mercy," by Edward L. Robinson, Vice-President of the Eutaw Savings Bank of Baltimore, Md.

The following arrangement for the days of meetings has been ordered by the Executive Council:

Monday, September 13th.
This day is reserved for the meetings of the several committees of the Association, including the Executive Committee of the Savings Bank Section.

Tuesday, September 14th.
First day meeting of the American Bankers Association.

Wednesday, September 15th.
Meeting of the Trust Company Section.

Thursday, September 16th.
Meeting of the Savings Bank Section.

Friday, September 17th.
Second and last day of the meeting of the American Bankers Association.

The attention of the members of the Savings Bank Section is particularly directed to their date of meeting; hitherto the meeting of the Savings Bank Section has taken place on Monday of the Convention Week; it will be seen from the above that this day has now been changed to Thursday of the week. The headquarters of the Section will be at the Auditorium Hotel in Chicago and a detailed programme will be sent to all members before that date by Secretary Hanhart.

OFFICIAL NOTICE

Notice is hereby given to the members of the Savings Bank Section that the following new Constitution, embodying the amendments approved at the last Convention meeting in Denver, will be offered at the Annual Convention in Chicago on the 16th of September, next, for final adoption or rejection.

Proposed Constitution and By-Laws of the Savings Bank Section American Bankers' Association

SECTION 1. The administration of the affairs of this Section shall be vested in a President and First Vice-President of the Section, and an Executive Committee of nine members, who shall serve until their successors are chosen or appointed.

SEC. 2. No President nor First Vice-President nor retiring member of the Executive Committee shall be eligible for re-election for a period of one year after the expiration of his term of office.

SEC. 3. The Executive Committee shall select its own Chairman from among its members, and shall also select a Secretary of the Section, who may or may not be a member of the Section.

SEC. 4. The Executive Committee shall as soon as may be after its organization divide itself by ballot into three classes of equal number designated as the first, second, and third

class, of which the first class shall remain in office one year, the second class two years, and the third class three years, and at each annual election members of the Executive Committee shall be elected for a term of three years to fill the vacancies of the retiring class.

SEC. 5. The Executive Committee shall have power to fill vacancies until the next annual meeting, and may adopt all necessary rules for the business of the Section.

SEC. 6. The President and First Vice-President of the Section shall be members *ex-officio* of the Executive Committee, and ex-Presidents, if still members of the Association, shall also be members *ex-officio* for three years after expiration of their term of office.

SEC. 7. The President, First Vice-President, and Chairman of the Executive Committee shall represent the Section in the Executive Council of the Association.

SEC. 8. Each State having not less than five savings institutions, members of the American Bankers' Association, shall be entitled to a Vice-President of the Section; such Vice-Presidents to act generally in an advisory capacity to the Executive, but not to be entitled to vote.

SEC. 9. This Consitution may be amended at any annual meeting by the vote of two-thirds of the members present, notice of the proposed amendment having been submitted to the Secretary at least thirty days before the annual meeting, and the Secretary shall forward to every member of the Section a copy of such proposed amendment, and shall submit it to the Executive Committee, that they may arrange to bring it before the annual meeting under the regular order of business. Any amendment of the Constitution, regularly submitted as above, may be itself amended on the occasion of the annual meeting by the vote of two-thirds of the members present.

ORGANIZATION OF SECRETARIES OF STATE BANKERS' ASSOCIATIONS

Annual Meeting at the Auditorium Hotel, Chicago, Thursday, September 16, 1909, at 10 A. M.

ORDER OF PROCEEDINGS

Meeting called to order by the President.
Roll-Call.
Regrets.
President's Annual Address, W. F. Keyser.
Report of the Secretary and Treasurer, Fred. E. Farnsworth.

SHORT TALKS

"Our Honorary Members," "The Old Guard," Chas. L. Farrell, New York.
"Best Plans for Increasing Membership," R. L. Rinaman, Illinois.
"How to Increase and Maintain Interest on the Part of Members," Wm. J. Field, New Jersey.
"To What Extent Should a Bankers' Association Be Active in Legislation?" Hal H. Smith, Michigan.
"The Association Attorney," Jno. J. Heflin, Tennessee.
"Relation of Our Organization to the American Bankers' Association," W. W. Bowman, Kansas.
"Sources of Revenue for a State Bankers' Association," McLane Tilton, Jr., Alabama.
"When Bryan Came to Butte," L. P. Hillyer, Georgia.
"American Institute of Banking," Geo. E. Allen, Educational Director, New York City.
"The Alaska-Yukon-Pacific Exposition," P. C. Kauffman, Washingon.
"Continuity of Convention Dates," B. W. Griffith, Mississippi.
"Joint Conventions," L. A. Coate, Idaho.
"Anticipations of a New Secretary," Robt. E. Wait, Arkansas.
"Frosting the Burglar," Chas. R. Frost, Minnesota.
"Rewards or Detective Service for State Bankers' Associations—Which Plan is Advisable?" W. B. Hughes, Nebraska.
"The Social Side of a Bankers' Convention," N. P. Gatling, Virginia.
"Reminiscences," J. M. Dinwiddie, Iowa.
General Discussion.
Unfinished Business.
New Business.
Election and Installation of Officers.
Adjournment.

CLEARING HOUSE SECTION

Annual Meeting, Chicago, September 15, 1909

The Executive Committee of the Clearing House Section will meet at the Auditorium Hotel previous to the meeting of the Section. The annual meeting of the Section will be held at the Auditorium Hotel, Wednesday, September 15th, at ten o'clock A. M.

The preliminary program is as follows:

Call to Order: President E. C. McDougal.
Roll Call.
Report: Secretary Fred. E. Farnsworth.
Report: Chairman Executive Committee E. R. Fancher.
Action on recommendations of Executive Committee.

The following subjects will be presented to the Section for brief addresses and discussion:

State Clearing Houses: Responses from California and Georgia.
Clearing House Examiners: Responses from cities where special examiners have been installed.
The System of Numbers as Applied to Banks in the Large Cities. By Charles R. McKay, Manager of Transit Department First National Bank, Chicago.
Addresses by others who may be called upon.
Call of Cities Represented.
Questions.
Discussion.
Election and installation of officers for the ensuing year.
Adjournment.

CHICAGO CONVENTION ENTERTAINMENT

The Bureau of Publicity of the Chicago Local Committee Furnishes the Following Bulletin

BULLETIN.

Satisfactory progress is being made by all committees having charge of the various entertainments for the Chicago Convention of the American Bankers' Association. Officers of local banks are co-operating heartily with the Executive Committee in providing for the comfort and amusement of their visitors. No detail will be overlooked.

The dinner to the Executive Council will be an important event. The gold room of the Auditorium Annex has been reserved, and Mr. Geo. M. Reynolds, of The Continental National Bank, as Chairman, aided by Messrs. John C. Neely, of the Corn Exchange National Bank, and W. D. C. Street, Manager of the Chicago Clearing House Association, and others, is making preparations that will insure an interesting program.

Mr. D. R. Forgan, of the National City Bank, has been active the past few weeks. The Committee on Theatres, of which he is chairman, has closed a contract for the Coliseum, which has a seating capacity of 4,000, where, on Tuesday evening, September 14th, Ferrulo's band will render a carefully selected program. This famous band always draws large audiences, and bankers and their families will here have a musical treat. The Italian ballet, which concludes the evening's performance, will be a great spectacular feature. This is an unusually large ballet, composed of artistic dancers. It is expected that this entertainment will bring out practically the full attendance at the Convention, and refreshments are being provided with that in view.

On Wednesday, the 15th, the excursion to Gary will be the attraction. A ride on Lake Michigan in comfortable and roomy steamers, with an orchestra aboard each boat, is something to look forward to. Mr. B. C. Sammons, of the Corn Exchange National Bank, and his committee, are planning to make this a delightful trip. Two boats will leave Chicago with delegates at 2.00 P. M. Arrangements will be made to dock both vessels at Gary, but one will return immediately, affording time for a longer lake trip back to the city, while the other will be held at Gary for the accommodation of passengers who may wish to visit the immense plants of the United States Steel Corporation there.

The visit to the Stock Yards on Thursday will afford an unusually favorable opportunity for the gentlemen to inspect the greatest cattle market and packing establishments in the world. Nowhere else is there to be seen covering so small an area institutions that

convert so much of the products of range and farm into merchandising shape as here. The vastness of this industry, its world-wide scope and the amount of money and number of men employed ought to arouse keen interest on the part of bankers from all parts of the country. The packers who extend this invitation are making ample arrangements for trains, guides, etc.

The Committee on Hotels has its hands full, but it is composed of men who do things and will perform its duties in a creditable manner. Mr. August Blum, of the First National Bank, is Chairman, and Mr. W. T. Perkins, of the Hamilton National Bank, Vice Chairman. They have selected as assistants a number of the most energetic of the junior officials of Chicago banks, and there is every indication that the work of this committee will go far towards eliminating many of the difficulties often experienced at large gatherings. They report ample accommodations for all.

Mr. S. R. Flynn, of the Live Stock Exchange National Bank, as Chairman of the Bureau of Information, is mapping out a plan whereby visitors and their friends will be saved the annoyance of going hither and thither to find out what they wish to know, how to get what they want, or how to reach the point for which they may be headed. The Chicago Association of Commerce will furnish as many assistants as Mr. Flynn may need in his task of converting troubles into pleasures. If you want to know, ask Mr. Flynn.

Mr. Joseph T. Talbot, of the Commercial National Bank, will see that delegates are accorded the privileges of many of the well-known city and country clubs of which Chicago is proud. Upon him is also placed the responsibility of preparing all formal invitations. Mr. Lucius Teter, of the Chicago Trust & Savings Bank, has ably relieved Mr. Talbert of part of the duties originally assigned to him. To Mr. Teter's artistic taste and constant efforts will be due the credit for designing and getting out all badges, cards and similar credentials.

Mr. John Jay Abbott, of the American Trust & Savings Bank, promises an unrivaled social event on Thursday evening. The Ball Committee, of which he is Chairman, has been enlarged to include many of the socially prominent gentlemen of Chicago. The ball will be preceded by a reception to the delegates and accompanying ladies by the bankers and ladies of Chicago. The Auditorium Theatre will be specially and appropriately decorated for this occasion, and music will be furnished by two of the best orchestras to be obtained. In point of brilliance and completeness this will be a most suitable closing to a week of business and pleasure as harmoniously balanced as careful preparation can make it.

Chicago Convention Hotel Accommodations

The Auditorium and Annex Hotels have been selected as headquarters—general registration second floor of Auditorium Hotel. Members of the Association and their guests who have not yet made arrangements for hotel accommodations should communicate at once with the Local Committee, Chicago, August Blum, Chairman, Vice-President First National Bank; or if they prefer, can communicate direct with any of the hotels comprised in the following list furnished by the Hotel Committee (the rates quoted being on the European plan), or hotels which may not be covered in the list. It is understood that all of the accommodations of the Auditorium and Annex have already been taken.

BREVOORT HOTEL:
$2.50 to $6.00 per day.
2 persons, rates as above plus one-half.

DEJONGHE:
$2.50 to $4.00 per day.
2 in a room, $2.00 for each person.

DEL PRADO HOTEL:
$3.00 to $5.00 per day.

THE DREXEL ARMS!
Room with bath, $2.00.
2 persons, $3.00.

GRAND PACIFIC:
$3.00 to $5.00 per day.

GREAT NORTHERN:
$3.00 to $5.00.

LAKOTA HOTEL:
$1.50 to $6.00.

LASALLE HOTEL:
$3.00 to $8.00.
When rate above $5.00, two people same price.

MAJESTIC:
$2.50 to $4.00.

METROPOLE:
Room with bath, two people, $4.00.
1 person, $3.00.

STRATFORD HOTEL:
$4.00 to $7.00.
Rates above $4.00 apply to one or two persons.

WELLINGTON HOTEL:
No rates given.

REDUCED RAILROAD RATES TO THE CONVENTION

New England. New England Passenger Association: One and one-half first-class limited fare for the round trip, going and returning via same route only, proportionate differential to apply. Non-transferable signature form of ticket, not requiring validation at destination to be sold, and good going only on September 10th, 11th and 12th.

New York and the East. Trunk Line Association: One and one-half, first-class. limited, fare for the round trip, going and returning via same route only. Tickets to be sold, and good going September 10th, 11th and 12; returning, leaving Chicago to September 19th, inclusive.

Central States. Central Passenger Association: One and one-half fare for round trip, except that from points distant less than 50 miles from Chicago, the fare will be double local, not, however, to exceed $1.50, sufficient to be added, where necessary, to make round-trip fare end in "0" or "5." Tickets of non-transferable signature form to be sold on September 11th, 12th and 13th, and will bear return limit of September 20, 1909. The form of ticket, while prescribing signature of bearer at time of purchase, will not require signature or validation at Chicago.

Chicago West. Western Passenger Association: One and one-half fare on certificate plan, from points in this territory east of and including Missouri River stations. Certificates will be honored which show purchase of going tickets September 9th to September 15th, inclusive, and (if presented for return tickets) up to September 21st, inclusive. Fee of 25 cents will be collected by joint agents from holders of certificates for the execution of each certificate. No reduced rates in this territory from points west of the Missouri River allowed, for the reason that they are now operating on a 2-cent-per-mile basis.

Denver & Rio Grande Railroad Co.: Regular summer tourists' rates and arrangements will apply from this territory and tickets will be sold with return limit of October 31st, allowing stop-overs under certain conditions in both directions.

Southwest. Santa Fe, Prescott & Phoenix Railway Co. and Leased Lines: Excursion tickets sold September 7th to 10th, inclusive, and September 13th to 15th, inclusive, for $67.50, with final return limit of October 31st.

Arizona Eastern Railroad Co.; Phœnix & Eastern Railroad Co.; Gila Valley, Globe & Northern Railway Co.; Maricopa & Phœnix Railroad Co.; and Arizona & Colorado Railroad Co.: Round-trip summer tourists' tickets will apply, and will be on sale September 7th to 10th, inclusive, and September 13th to 15th, inclusive, with final return limit of October 31st.

Pacific Coast States. Trans-Continental Passenger Association: From California a round-trip ticket can be secured on September 7th to 10th, inclusive, for $72.50, going transit limit ten days' from date of sale; final return limit ninety days from date of sale, but not beyond October 31, 1909.

From Northern Pacific Coast points, tickets will be sold on September 9, 1909, only; for a fare of $72.50 for the round trip; going transit limit ten days from date of sale; final return limit October 31, 1909.

Stop-overs will be allowed at west of Chicago, St. Louis, Memphis and New Orleans on going trip, within going transit limit; and on return trip within final return limit, except that no stop-overs will be allowed in California on going trip on tickets sold in California.

Validation in Chicago by the railroad representative will be required. Tickets not transferable.

Atchison, Topeka & Santa Fe Railway Co. Coast Lines: Back east sales dates from California will be in effect. Chicago and return, on September 4th, 5th, 7th, 8th and 9th. Final limit will be October 31, 1909. The fare for direct routes, $72.50 for the round trip.

Great Northern Railroad Co.: Round-trip fare of $72.50 from North Pacific Coast common points and Spokane. Tickets to be sold September 9th, with a going transit limit of ten days from date of sale, and final return limit of October 31st. From points in Montana on September 10th and 11th there will be special round-trip fare to Chicago of $54.00 from Anaconda, Butte, Helena and Great Falls, with corresponding fares from other points in the State; going transit limit on these tickets ten days from date of sale; final return limit, October 31st.

Northern Pacific Railway Co.: Excursion rate of $72.50 from points in Washington, Oregon and British Columbia. Tickets bearing going transit limit of ten days and final limit of October 31st. Similar reduced rates will be made from points in Montana; date of sale being September 10th and 11th, the rate from Helena and Butte being $54.00; going transit limit ten days; final limit Ocober 31st.

San Pedro, Los Angeles & Salt Lake Railroad Co.: Reduced fares have been authorized. For detailed information inquire of local ticket agent.

Southern Pacific Co.: Excursion fare of $72.50, to be sold September 7th, 8th and 9th.

Miscellaneous. For railroad companies in various sections of the country not reported herein, it is assumed they will grant reduced rates, and, therefore, application should be made direct to your local railroad agent regarding same.

Chicago Convention

LIST OF COMMITTEES

Executive Committee.

Messrs. George M. Reynolds, President, Continental National Bank, *Chairman*,
John Jay Abbott, Vice-Pres., American Trust & Savings Bank,
August Blum, Vice-Pres., First National Bank,
Charles G. Dawes, President, Central Trust Company,
W. T. Fenton, Vice-Pres., National Bank of the Republic,
S. R. Flynn, President, Live Stock Exchange National Bank,
David R. Forgan, President, National City Bank,
B. C. Sammons, Asst. Cash., Corn Exchange National Bank,
Joseph T. Talbert, Vice-Pres., Commercial National Bank.

Reception and Ball Committee.

Messrs. John Jay Abbott, *Chairman*,
E. K. Boisot,
E. F. Bryant,
J. V. Clarke,
Chas. G. Dawes,
Howard W. Fenton,
S. R. Flynn,
R. T. Forbes,
E. G. Foreman,
David R. Forgan,
James B. Forgan,
James H. Gilbert,
Howard F. Gillette,
L. A. Goddard,
J. M. Greata,
E. A. Hamill,
E. D. Hulbert,
Edward S. Lacey,
N. N. Lampert,
John A. Lynch,
Eames MacVeagh,
George Merryweather,
John J. Mitchell,
Wm. C. Niblack,
J. E. Otis,
Charles B. Pike,
Edwin A. Potter,
F. H. Rawson,
Geo. M. Reynolds,
George E. Roberts,
H. H. Rose,
Charles S. Schweppe,
Byron L. Smith,
O. E. Taft,
W. A. Tilden.

Committee on Dinner to Executive Council.

Messrs. George M. Reynolds, *Chairman*,
W. A. Heath,
F. O. Wetmore,
John C. Neely,
W. D. C. Street.

Committee on Finance and Theatres.

Messrs. David R. Forgan, *Chairman*,
W. N. Jarnagin, *Vice Chairman*.
E. D. Hulbert,
W. T. Bruckner,
Alexander Robertson,
H. C. Foster,
F. T. Haskell.

Committee on Hotel Accommodations.

Messrs. August Blum, *Chairman*,
W. T. Perkins, *Vice Chairman*,
J. R. Washburn,
G. S. Castle,
G. B. Smith,
H. W. Brough,
James M. Hurst,
J. G. Wakefield,
F. A. Crandall,
L. A. Goddard,
Frank P. Judson,
Colin S. Campbell,
W. W. Gates,
F. G. Nelson,
G. A. Ryther,
John Fletcher,
Addison Corneau,
Calvin F. Craig,
W. S. Van Buskirk,
F. B. Woodland.

COMMITTEE ON EXCURSION TO GARY.

Messrs. B. C. Sammons, *Chairman*,
H. Waldeck,
F. W. Smith,
Geo. M. Benedict,
E. G. Foreman,
N. N. Lampert,
G. P. Hoover,
F. G. Nelson,
W. H. Hurley,
H. E. Otte,
John C. Craft,
N. R. Losch,
E. A. Erickson,
Wm. H. Schmidt,
Frank R. Elliott.

COMMITTEE ON BUREAU OF INFORMATION.

Messrs. S. R. Flynn, *Chairman*,
G. B. Smith,
H. C. Vernon,
H. H. Heins,
D. V. Webster,
N. N. Lampert,
C. E. Estes,
H. E. Otte,
H. O. Edmunds,
W. C. Cook,
F. P. Judson,
W. G. Edens,
J. W. Thomas,
W. W. Gates,
W. T. Perkins,
G. F. Emery,
Wm. B. Conklin,
C. N. Gillett,
Louis Rathje.

COMMITTEE ON CLUBS AND INVITATIONS.

Messrs. Joseph T. Talbert, *Chairman*,
Lucius Teter, *Vice Chairman*.

BUREAU OF PUBLICITY.

Mr. George E. Roberts, *Chairman*.

Registry Rooms

THE AUDITORIUM AND ANNEX HOTELS HAVE BEEN SELECTED AS HEADQUARTERS.

Temporary offices for the Association will be established at the Auditorium Hotel—second floor—where all delegates and guests are expected to register.

Upon registering at headquarters delegates will be presented with credentials. *The official enamelled pin should be worn conspicuously during entire convention to obtain all of the courtesies extended to delegates.*

The headquarters and registry room of the Organization of Secretaries of State Bankers' Associations, is the general parlor—second floor—Auditorium Hotel.

The attendance at conventions has become so large that attention is respectfully called to the rule adopted by the Executive Council:

"Each member of the Association can be represented by one delegate, as per the Constitution, and such delegate is authorized to bring one guest, if a member of his family or some one connected with his bank; any other guest is required to pay ten dollars for the privileges of the Convention."

Members of the local committee will be in constant attendance. Also, for the convenience of the members, an information bureau, competent stenographers, well-informed clerks and a corps of messenger boys will be provided.

The Western Union Telegraph and Postal Telegraph companies have kindly extended the complimentary use of their wires for social messages.

Identification badges will also be provided by the Local Committee.

NOTICE

Attention is called to the following provisions of the Constitution—applicable to the Convention.

ARTICLE VII

SECTION 1. Resolutions or subjects for discussion (excepting those referring to points of order or matters of courtesy) must be filed with the Secretary at least fifteen days before the annual convention and submitted to the Executive Council at its regular meeting preceding the convention, but any person desiring to submit any resolution or business in open convention may do so upon a two-thirds vote of the delegates present, or such resolution or business shall be referred to the Executive Council to report upon immediately; provided that this shall not apply to any proposed amendment of the Constitution.

ARTICLE III. SECTION 3

B. In the case of States which have no State Bankers' Association or those which have less than one hundred members of the A. B. A. within their respective borders, the Vice-Presidents of the Association for such States attending the convention shall constitute a Nominating Committee and meet apart immediately after the first adjournment of the Convention. At such meetings they shall elect a Chairman and Secretary from among their number and nominate the members of the Council to which the aggregate membership of all such States is entitled. They shall also nominate a Vice-President and select a member of the Nominating Committee for each State so represented. On all questions coming before the meeting, each member shall have as many votes as there were members of the A. B. A. on August 31 preceding, within the borders of the State he represents. In the absence of a Vice-President of any such State the majority of delegates from such States attending the convention may nominate one of their number to serve in place of the absentee. Immediately after nominations are made as herein provided, the Secretary of such Committee shall certify such nominations to the Secretary of the Association.

SEC. 4. Nominations for President, First Vice-President, Vice-Presidents for each State and for members of the Executive Council shall be made at the annual convention as follows: As soon as practicable after the first adjournment the Secretary of the Association shall call a meeting of the members of the Nominating Committee selected in accordance with the provisions of the Section three next above. Such Committee shall meet and select its Chairman and Secretary from their number. They shall receive from the Secretary of the Association the preliminary nominations for members of the Executive Council and Vice-Presidents for each State which have been certified to him as aforesaid. They shall nominate a candidate for President and First Vice-President and the candidates for Vice-President for each State and for the Executive Council which have been certified to the Secretary of the Association. The Committee may make its report at any subsequent session of the convention, but its nominations shall not exclude the name of any person otherwise nominated in the convention; except that if other nominations are made for members of the Executive Council or Vice-Presidents for the States in place of those nominated at the conventions of the respective State Associations, such nominees must be eligible delegates from the same States as those in whose place they are nominated; and if other nominaions are made for members of the Executive Council which have been nominated by the Committee of Vice-Presidents, such nominees must be also from the same States as those in whose place they are nominated.

Eighth Annual Convention of the National Association of Supervisors of State Banks, Chicago, September 13 and 14, 1909

PRELIMINARY PROGRAMME.

FIRST DAY, SEPT. 13TH:

To be devoted to discussion of improvements in State banking laws.

Addresses of welcome, Hon. Charles S. Deneen, Governor of Illinois, and Mr. George M. Reynolds, President of the American Bankers' Association.
Annual address of President, Pierre Jay.
Appointment of committees.
Report of Treasurer, E. M. Hinshaw.
Report of Standing Committee on Uniform State Banking Laws.
Conference with representatives of Savings Bank Section, A. B. A., relative to co-operation in securing laws better protecting savings deposits.
Five minute reports from each State on banking legislation in 1909.
Address by member of National Monetary Commission.

SECOND DAY, SEPT. 14TH.

To be devoted to discussion of supervision.

Report of Standing Committee on Uniform Classification of Bank Reports.
Discussion of standard form of report for State banks and trust companies.
Address by Hon. L. O. Murray, Comptroller of the Currency.
General discussion of policies of supervision and methods of examination.
Reports of committees.
Election of officers for ensuing year.

NOTICE

Proposed Amendments to the Constitution

Notice of the following proposed amendments to the Constitution of the American Bankers' Association has been submitted to the Secretary more than thirty days before the annual meeting to be held in Chicago, beginning September 14th, 1909, in accordance with Article X of said Constitution.

FRED. E. FARNSWORTH,
Secretary.

NEW YORK, N. Y., August 12, 1909.

Proposed by J. H. Johnson, President Peninsular Savings Bank, Detroit, Mich.

Amend the Constitution, as printed in the annual proceedings of 1908, by inserting the word "General" before the word "Secretary" in each of the following places:

In line 15 of subdivision A of Section 3 of Article 3.
In line 18 of subdivision A of Section 3 of Article 3.
In the last line of subdivision B of Section 3 of Article 3.
In line 4 of Section 4 of Article 3.
In line 8 of Section 4 of Article 3.
In line 14 of Section 4 of Article 3.
In line 4 of Section 7 of Article 3.
In line 6 of Section 7 of Article 3.
In line 2 of Section 9 of Article 3.
In line 1 of Section 11 of Article 3.
In line 3 of Section 12 of Article 3.
In line 1 of Section 14 of Article 3 after the word "The."
In line 2 of Section 2 of Article 4.
In line 2 of Section 4 of Article 4.
In line 4 of Section 4 of Article 4.
In line 10 of Section 1 of Article 5.
In line 3 of Section 1 of Article 7.
In line 3 of Section 1 of Article 8.
In line 3 of Section 1 of Article 10.
In line 4 of Section 1 of Article 10.

LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

WE publish in this number the full text of the Corporation Tax Amendment, constituting Section 38 of the Tariff Bill which was signed by President Taft on August 5th. In the July number we published the text of the Corporation Tax Amendment as passed by the Senate July 3d. But since then numerous amendments have been made, and the readers of the JOURNAL will desire to have the full provisions of the Corporation Tax measure before them as finally passed for convenient reference.

Of especial interest to our members is the amendment made to Subdivision Third of Paragraph Second. That paragraph defines what may be deducted from gross income in order that the net income upon an amount equal to which the tax is imposed may be ascertained.

As passed by the Senate July 3d, Subdivision Third provided:

> "Interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year."

As "other indebtedness" in the case of a banking corporation would include deposits, and as thousands of stock banks throughout the country carry deposits in excess of their capital upon which they pay interest, such interest being as much an item of expense as any other in the conduct of the business, it at once became evident that to allow a bank merely to deduct the interest on an amount of deposits equal to capital and not to deduct the very large amount of interest payments upon deposits in excess of capital, would work a very serious injury to a large number of banking corporations. In view of this, General Counsel immediately prepared a brief upon the subject, showing the necessity for amending the law in this particular (copy published in July number, pp. 14-16), which brief was submitted to the President of the Association, approved by him and forwarded to the proper committee at Washington.

We are greatly pleased to report that in the law as finally passed Subdivision Third of Paragraph Second has been amended to read as follows (the amendment or addition we italicize):

> "Interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year *and in the case of a bank, banking association or trust company, all interest actually paid by it within the year on deposits.*

A corresponding amendment has been made in Subdivision Sixth of Paragraph Third, which provides for returns for purposes of taxation.

A number of other changes were made in the measure as finally passed, but as these changes—apart from the reduction of the tax from two to one per cent.—do not especially affect the banking interests, they will not be specified here. The full measure as printed elsewhere speaks for itself.

Corporation Tax Amendment

Full text of the measure as finally passed. It constitutes Section 38 of the Tariff bill, signed by the President at five minutes after five o'clock P. M., August 5, 1909, and taking effect the day after its passage unless otherwise therein specially provided.

SEC. 38. That every corporation, joint stock company or association, organized for profit and having a capital stock represented by shares, and every insurance company, now or hereafter organized under the laws of the United States or of any State or Territory of the United States or under the Acts of Congress applicable to Alaska or the District of Columbia, or now or hereafter organized under the laws of any foreign country and engaged in business in any State or Territory of the United States or in Alaska or in the District of Columbia, shall be subject to pay annually a special excise tax with respect to the carrying on or doing business by such corporation, joint stock company or association, or insurance company, equivalent to one per centum upon the entire net income over and above five thousand dollars received by it from all sources during such year, exclusive of amounts received by it as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax hereby imposed; or if organized under the laws of any foreign country, upon the amount of net income over and above five thousand dollars received by it from business transacted and capital invested within the United States and its Territories, Alaska, and the District of Columbia during such year, exclusive of amounts so received by it as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax hereby imposed: *Provided, however,* That nothing in this section contained shall apply to labor, agricultural or horticultural organizations, or to fraternal beneficiary societies, orders, or associations operating under the lodge system, and providing for the payment of life, sick, accident, and other benefits to the members of such societies, orders, or associations, and dependents of such members, nor to domestic building and loan associations, organized and operated exclusively for the mutual benefit of their members, nor to any corporation or association organized and operated exclusively for religious, charitable, or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual.

Second. Such net income shall be ascertained by deducting from the gross amount of the income of such corporation, joint stock company or association, or insurance company, received within the year from all sources, (first) all the ordinary and necessary expenses actually paid within the year out of income in the maintenance and operation of its business and properties, including all charges such as rentals or franchise payments, required to be made as a condition to the continued use or possession of property; (second) all losses actually sustained within the year and not compensated by insurance or otherwise, including a reasonable allowance for depreciation of property, if any, and in the case of insurance companies the sums other than dividends, paid within the year on policy and annuity contracts and the net addition, if any, required by law to be made within the year to reserve funds; (third) interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year, and in the case of a bank, banking association or trust company, all interest actually paid by it within the year on deposits; (fourth) all sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof, or imposed by the government of any foreign country as a condition to carrying on business therein; (fifth) all amounts received by it within the year as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax hereby imposed: *Provided,* That in the case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, such net income shall be ascertained by deducting from the gross amount of its income received within the year from business transacted and capital invested within the United States and any of its Territories, Alaska and the District of Columbia, (first) all the ordinary and necessary expenses actually paid within the year out of earnings in the maintenance and operation of its business and property within the United States and its Territories, Alaska, and the District of Columbia, including all charges such as rentals or franchise payments required to be made as a condition to the continued use or possession of property; (second) all losses actually sustained within the year in business conducted by it within the United States or its Territories, Alaska, or the District of Columbia not compensated by insurance or otherwise, including a reasonable allowance for depreciation of property, if any, and in the case of insurance companies the sums other than dividends, paid within the year on policy and annuity contracts and the net addition, if any, required by law to be made within the year to reserve funds; (third) interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness, not exceeding the proportion of its paid-up capital stock outstanding at the close of the year which the gross amount of its

income for the year from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia bears to the gross amount of its income derived from all sources within and without the United States; (fourth) the sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof; (fifth) all amounts received by it within the year as dividends upon stock of other corporations, joint stock companies or associations, and insurance companies, subject to the tax hereby imposed. In the case of assessment insurance companies the actual deposit of sums with State or Territorial officers, pursuant to law, as additions to guaranty or reserve funds shall be treated as being payments required by law to reserve funds.

Third. There shall be deducted from the amount of the net income of each of such corporations, joint stock companies or associations, or insurance companies, ascertained as provided in the foregoing paragraphs of this section, the sum of five thousand dollars, and said tax shall be computed upon the remainder of said net income of such corporation, joint stock company or association, or insurance company, for the year ending December thirty-first, nineteen hundred and nine, and for each calendar year thereafter; and on or before the first day of March, nineteen hundred and ten, and the first day of March in each year thereafter, a true and accurate return under oath or affirmation of its president, vice-president, or other principal officer, and its treasurer or assistant treasurer, shall be made by each of the corporations, joint stock companies or associations, and insurance companies, subject to the tax imposed by this section, to the collector of internal revenue for the district in which such corporation, joint stock company or association, or insurance company, has its principal place of business, or, in the case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, in the place where its principal business is carried on within the United States, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, setting forth, (first) the total amount of the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year; (second) the total amount of the bonded and other indebtedness of such corporation, joint stock company or association, or insurance company at the close of the year; (third) the gross amount of the income of such corporation, joint stock company or association, or insurance company, received during such year from all sources, and if organized under the laws of a foreign country the gross amount of its income received within the year from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia; also the amount received by such corporation, joint stock company or association, or insurance company, within the year by way of dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax imposed by this section; (fourth) the total amount of all the ordinary and necessary expenses actually paid out of earnings in the maintenance and operation of the business and properties of such corporation, joint stock company or association, or insurance company, within the year, stating separately all charges such as rentals or franchise payments required to be made as a condition to the continued use or possession of property, and if organized under the laws of a foreign country the amount so paid in the maintenance and operation of its business within the United States and its Territories, Alaska, and the District of Columbia; (fifth) the total amount of all losses actually sustained during the year and not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property, and in the case of insurance companies the sums other than dividends, paid within the year on policy and annuity contracts and the net addition, if any, required by law to be made within the year to reserve funds; and in the case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, all losses actually sustained by it during the year in business conducted by it within the United States or its Territories, Alaska, and the District of Columbia, not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property, and in the case of insurance companies the sums other than dividends, paid within the year on policy and annuity contracts and the net addition, if any, required by law to be made within the year to reserve fund; (sixth) the amount of interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year, and in the case of a bank, banking association or trust company, stating separately all interest paid by it within the year on deposits; or in case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, interest so paid on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the proportion of its paid-up capital stock outstanding at the close of the year, which the gross amount of its income for the year from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia, bears to the gross amount of its income derived from all sources

within and without the United States; (seventh) the amount paid by it within the year for taxes imposed under the authority of the United States or any State or Territory thereof, and separately the amount so paid by it for taxes imposed by the government of any foreign country as a condition to carrying on business therein; (eighth) the net income of such corporation, joint stock company or association, or insurance company, after making the deductions in this section authorized. All such returns shall as received be transmitted forthwith by the collector to the Commissioner of Internal Revenue.

Fourth. Whenever evidence shall be produced before the Commissioner of Internal Revenue which in the opinion of the commissioner justifies the belief that the return made by any corporation, joint stock company or association, or insurance company, is incorrect, or whenever any collector shall report to the Commissioner of Internal Revenue that any corporation, joint stock company or association, or insurance company, has failed to make a return as required by law, the Commissioner of Internal Revenue may require from the corporation, joint stock company or association, or insurance company making such return, such further information with reference to its capital, income, losses, and expenditures as he may deem expedient; and the Commissioner of Internal Revenue, for the purpose of ascertaining the correctness of such return or for the purpose of making a return where none has been made, is hereby authorized, by any regularly appointed revenue agent specially designated by him for that purpose, to examine any books and papers bearing upon the matters required to be included in the return of such corporation, joint stock company or association, or insurance company, and to require the attendance of any officer or employee of such corporation, joint stock company or association, or insurance company, and to take his testimony with reference to the matter required by law to be included in such return, with power to administer oaths to such person or persons; and the Commissioner of Internal Revenue may also invoke the aid of any court of the United States having jurisdiction to require the attendance of such officers or employees and the production of such books and papers. Upon the information so acquired the Commissioner of Internal Revenue may amend any return or make a return where none has been made. All proceedings taken by the Commissioner of Internal Revenue under the provisions of this section shall be subject to the approval of the Secretary of the Treasury.

Fifth. All returns shall be retained by the Commissioner of Internal Revenue, who shall make assessments thereon; and in case of any return made with false or fraudulent intent, he shall add one hundred per centum of such tax, and in case of a refusal or neglect to make a return or to verify the same as aforesaid he shall add fifty per centum of such tax. In case of neglect occasioned by the sickness or absence of an officer of such corporation, joint stock company or association, or insurance company, required to make said return, or for other sufficient reason, the collector may allow such further time for making and delivering such return as he may deem necessary, not exceeding thirty days. The amount so added to the tax shall be collected at the same time and in the same manner as the tax originally assessed unless the refusal, neglect, or falsity is discovered after the date for payment of said taxes, in which case the amount so added shall be paid by the delinquent corporation, joint stock company or association, or insurance company, immediately upon notice given by the collector. All assessments shall be made and the several corporations, joint stock companies or associations, or insurance companies, shall be notified of the amount for which they are respectively liable on or before the first day of June of each successive year, and said assessments shall be paid on or before the thirtieth day of June, except in cases of refusal or neglect to make such return, and in cases of false or fraudulent returns, in which cases the Commissioner of Internal Revenue shall, upon the discovery thereof, at any time within three years after said return is due, make a return upon information obtained as above provided for, and the assessment made by the Commissioner of Internal Revenue thereon shall be paid by such corporation, joint stock company or association, or insurance company immediately upon notification of the amount of such assessment; and to any sum or sums due and unpaid after the thirtieth day of June in any year, and for ten days after notice and demand thereof by the collector, there shall be added the sum of five per centum on the amount of tax unpaid and interest at the rate of one per centum per month upon said tax from the time the same becomes due.

Sixth. When the assessment shall be made, as provided in this section, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such.

Seventh. It shall be unlawful for any collector, deputy collector, agent, clerk, or other officer or employee of the United States to divulge or make known in any manner whatever not provided by law to any person any information obtained by him in the discharge of his official duty, or to divulge or make known in any manner not provided by law any document received, evidence taken, or report made under this section except upon the special direction of the President; and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding one thousand dollars, or by imprisonment not exceeding one year, or both, at the discretion of the court.

Eighth. If any of the corporations, joint stock companies or associations, or insurance companies, aforesaid, shall refuse or neglect to make a return at the time or times hereinbefore specified in each year, or shall render a false or fraudulent return, such corporation, joint stock company or association, or insurance company, shall be liable to a penalty of not less than one thousand dollars and not exceeding ten thousand dollars.

Any person authorized by law to make, render, sign, or verify any return who makes any false or fraudulent return, or statement, with intent to defeat or evade the assessment required by this section to be made, shall be guilty of a misdemeanor, and shall be fined not exceeding one thousand dollars or be imprisoned not exceeding one year, or both, at the discretion of the court, with the costs of prosecution.

All laws relating to the collection, remission, and refund of internal-revenue taxes, so far as applicable to and not inconsistent with the provisions of this section, are hereby extended and made applicable to the tax imposed by this section.

Jurisdiction is hereby conferred upon the circuit and district courts of the United States for the district within which any person summoned under this section to appear to testify or to produce books, as aforesaid, shall reside, to compel such attendance, production of books, and testimony by appropriate process.

BANK GUARANTEES OF DRAFTS ON CUSTOMERS

AMONG the opinions which we publish this month is one given a bank in Florida upon the guarantee of a bill-of-lading draft, in which we show that it has been held in a number of cases (with one decision to the contrary) that the guarantee by a national bank of payment of a draft upon its customer is beyond the power of the bank and, therefore, cannot safely be relied upon by a purchaser of the draft; furthermore, that the same proposition is probably true with reference to the guarantee of a State bank.

The Florida bank, to whom this opinion was sent, has since written us as follows:

> We have been cashing these guaranteed drafts for years and have always supposed ourselves perfectly safe in so doing by insisting that the guarantees should be absolutely free of any conditions whatever, except what may show on the bill of lading, thereby releasing ourselves from all responsibility as to the quality or condition of goods on arrival, or even as to their arrival. We suppose that quite 50 per cent. of all shipments made from this State are shipped on these guarantees, the shippers insisting on cash f. o. b. shipping point, and these guarantees being considered the equivalent of cash.

The above indicates that the practice is quite general in Florida, and perhaps in other States, for banks which purchase bill-of-lading drafts to do so in reliance upon a guarantee of some bank, State or national, at the point of destination, that the draft, which is generally drawn upon one of its customers, will be paid; and it is, therefore, important that banks which purchase drafts in reliance upon such bank guarantees should know that there is considerable risk in so doing in view of their unreliability, because of the want of power of the banks which make them.

We will not have space here to make any exhaustive review of the decisions, but will refer to certain of the cases which will be sufficient to illustrate the propostion.

The decision of the Supreme Court of Missouri, in 1902, in First National Bank *vs.* American National Bank, 173 Mo. 153, covers the subject very fully and we will, therefore, quote from it at some length. A national bank in Kansas City telegraphed a national bank in Idaho that certain drafts of one L of Idaho upon C and Co. of Kansas City with bills of lading for potatoes attached would be paid, and on the faith of this telegram the Idaho bank discounted the drafts. The drafts were dishonored and the Kansas City bank refused to pay them.

The Kansas City bank pleaded it had no power under the National Bank Act to make the contract, which was a mere guarantee. The Idaho bank replied that the Kansas bank was estopped to plead *ultra vires* because the contract was an executed one on the part of the Idaho bank and only the Government could question the power of the Kansas City bank.

The Missouri court held that, if the contract was *ultra vires,* the national bank had a right to plead its want of power, holding itself bound by the Federal rule, thus expressed by the Supreme Court of the United States in California Bank *vs.* Kennedy, 167 U. S. 367: "Whatever divergence of opinion may arise on this question from conflicting adjudications in some of the State courts, in this court it is settled in favor of the right of the corporation to plead its want of power, that is to say, to assert the nullity of an act which is an *ultra vires* act."

Having settled that a national bank can plead want of power in defense of its liability on a contract, the Missouri court then proceeded to determine whether the contract in question was one beyond the power of a national bank to make. After quoting Section 5136 of the United States Revised Statutes, which enumerates the powers of national banks, it said:

"This law has undergone thorough and exhaustive adjudication in the courts of the United States and, briefly stated, the rule declared is that a national bank has no power, either with or without a sufficient consideration, to agree to bind itself that the draft of A upon B will be paid; that such agreement is a mere guarantee and is not within the powers conferred upon such banks and that when sued upon such a contract the bank can successfully interpose the defense of *ultra vires.*"

The court further said that the above rule of the Federal court has been yielded to and enforced in a number of State courts, citing Thilmany *vs.* Paper Bag Co., 108 Iowa 333 (and cases cited) and Groos *vs.* Brewster, 55 S. W. (Tex.) 590.

The Missouri court further said: "It will be of no profit in this case to consider the rules of law adopted by the several States bearing upon the power of banks organized by authority other than the Federal Government to enter into such contracts, or to interpose the defense of *ultra vires* after the other party to the contract has fully performed it, for the decisions of the Federal courts treat all such contracts as void and unenforceable as to national banks, and this court is in duty bound to defer to those Federal decisions."

The Supreme Court of Pennsylvania, in 1905, had before it a similar case (National Bank *vs.* National Bank, 212, Pa. 238). A national bank in Philadelphia wrote a national bank in Georgia as follows: "Gentlemen—We will accept drafts drawn on J. F. Eilenberg by Brown & Co. for watermelons and cantaloupes, melons not to exceed $100 per car, bills of lading attached, until further notice." The national bank in Philadelphia, when sued for drafts purchased on the faith of this guarantee, pleaded its want of power. The Supreme Court of Pennsylvania, declaring the bank not liable, said: "It is conceded by the plaintiff that the weight of authority is in favor of the proposition that a national bank has no power or authority to become a mere accommodation indorser or guarantor of the payment of the debt of another without benefit to itself. So far as we are advised, the question has not been determined by the Supreme Court of the United States, but the inferior courts of that jurisdiction have uniformly put this construction on the powers of a bank chartered under the National Banking Act, and as the subject is one of Federal origin and of Federal control, we must follow these precedents. We, therefore, hold that the contract on which the suit was brought was *ultra vires* the defendant bank, and that the court erred in entering judgment for the plaintiff."

A contrary decision has been rendered in North Carolina (Hutchins *vs.* Bank, 128 N. C. 72, year 1901). A national bank by letter agreed that a draft

drawn by Hutchins not to exceed $300 upon Chalkey & Co. for hides to be shipped would be paid. In consideration of that guarantee, Hutchins shipped the hides and drew the draft. The court holding the bank liable, said: "The National Bank Act contains no prohibition against such banks guaranteeing paper, but it is contended that the terms of the statute do not authorize a national bank to make a contract of guarantee. * * * Here, if it be conceded that the contract was *ultra vires,* it was not expressly prohibited nor illegal; the plaintiff acted upon it, and relying on it, he parted with his property and shipped the hides. The defendant is estopped on both reason and precedent to aver that it was not empowered to give the guarantee."

The above case stands almost alone. Those previously cited illustrate the prevailing rule that a national bank has no power to guarantee or promise that a draft of A upon B will be paid and that it has a right to plead its want of power, and is not estopped to make such plea as against one who has parted with value on faith of the guarantee. This is the rule applied in the Federal courts and also applied as to national banks by most of the State courts that have had the question before it, such courts deeming themselves bound by the Federal rule.

So far the decisions referred to have related solely to national banks. But while the cases are not so numerous, the same doctrine of want of power to guarantee the debt of another holds good as to banks organized under State laws. For example, in Bacon *vs.* Bank, 79 Mo. App. 406, the court in holding void and unenforceable a written guarantee of an incorporated State bank, executed by its cashier, that the note of one C payable to B would be paid, said: "It was an attempt by the cashier to pledge the bank's credit for the benefit and accommodation of Cates. Neither the bank, its cashier, or any officer thereof, had authority to make such a contract. * * * The cashier comes forward and attempts to loan the credit of the bank for the benefit of the borrower. This was not within the scope of the bank's business; it was not organized to conduct business of that character. It had only such powers as were granted expressly or impliedly by its charter—the statute of the State; and among these will not be found power to go security for another in a case like this."

To summarize: The general proposition holds good both as to national banks and those organized under the laws of the respective States, that the bank has no power to become surety, guarantor or accommodation indorser for others on contracts in which it has no interest. This is not deemed a legitimate part of the banking business, and the courts hold it is beyond the power of banks to make contracts of this character. So far as the national banks are concerned, not only are they lacking in power, but the Federal courts hold they have the right to plead such want of power in defense of liability, and are not estopped to allege it even as against parties who have parted with value on faith of such purported contracts. The majority of State courts also hold themselves bound as to national banks to apply the Federal rule. But as to State banks, while there is no divergence of view as to the want of power, there is a divergence of view in the State courts as to the right of the bank to plead the want of power as against parties who have relied and parted with value on the faith of the contract.

This is the situation and, as said at the beginning, any practice of banks of advancing money on bill-of-lading drafts in reliance upon guarantees of payment, given by other banks at the point of destination of the property, is a very risky and unsafe one. In some isolated case such a guarantee might be enforced, but in the majority of cases it is worthless and unreliable.

Eighth Annual Convention of the National Association of Supervisors of State Banks, Chicago, September 13 and 14, 1909

PRELIMINARY PROGRAMME.

FIRST DAY, SEPT. 13TH:

To be devoted to discussion of improvements in State banking laws.

Addresses of welcome, Hon. Charles S. Deneen, Governor of Illinois, and Mr. George M. Reynolds, President of the American Bankers' Association.
Annual address of President, Pierre Jay.
Appointment of committees.
Report of Treasurer, E. M. Hinshaw.
Report of Standing Committee on Uniform State Banking Laws.
Conference with representatives of Savings Bank Section, A. B. A., relative to co-operation in securing laws better protecting savings deposits.
Five minute reports from each State on banking legislation in 1909.
Address by member of National Monetary Commission.

SECOND DAY, SEPT. 14TH.

To be devoted to discussion of supervision.

Report of Standing Committee on Uniform Classification of Bank Reports.
Discussion of standard form of report for State banks and trust companies.
Address by Hon. L. O. Murray, Comptroller of the Currency.
General discussion of policies of supervision and methods of examination.
Reports of committees.
Election of officers for ensuing year.

NOTICE

Proposed Amendments to the Constitution

Notice of the following proposed amendments to the Constitution of the American Bankers' Association has been submitted to the Secretary more than thirty days before the annual meeting to be held in Chicago, beginning September 14th, 1909, in accordance with Article X of said Constitution.

FRED. E. FARNSWORTH,
Secretary.

NEW YORK, N. Y., August 12, 1909.

Proposed by J. H. Johnson, President Peninsular Savings Bank, Detroit, Mich.

Amend the Constitution, as printed in the annual proceedings of 1908, by inserting the word "General" before the word "Secretary" in each of the following places:

In line 15 of subdivision A of Section 3 of Article 3.
In line 18 of subdivision A of Section 3 of Article 3.
In the last line of subdivision B of Section 3 of Article 3.
In line 4 of Section 4 of Article 3.
In line 8 of Section 4 of Article 3.
In line 14 of Section 4 of Article 3.
In line 4 of Section 7 of Article 3.
In line 6 of Section 7 of Article 3.
In line 2 of Section 9 of Article 3.
In line 1 of Section 11 of Article 3.
In line 3 of Section 12 of Article 3.
In line 1 of Section 14 of Article 3 after the word "The."
In line 2 of Section 2 of Article 4.
In line 2 of Section 4 of Article 4.
In line 4 of Section 4 of Article 4.
In line 10 of Section 1 of Article 5.
In line 3 of Section 1 of Article 7.
In line 3 of Section 1 of Article 8.
In line 3 of Section 1 of Article 10.
In line 4 of Section 1 of Article 10.

LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

WE publish in this number the full text of the Corporation Tax Amendment, constituting Section 38 of the Tariff Bill which was signed by President Taft on August 5th. In the July number we published the text of the Corporation Tax Amendment as passed by the Senate July 3d. But since then numerous amendments have been made, and the readers of the JOURNAL will desire to have the full provisions of the Corporation Tax measure before them as finally passed for convenient reference.

Of especial interest to our members is the amendment made to Subdivision Third of Paragraph Second. That paragraph defines what may be deducted from gross income in order that the net income upon an amount equal to which the tax is imposed may be ascertained.

As passed by the Senate July 3d, Subdivision Third provided:

> "Interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year."

As "other indebtedness" in the case of a banking corporation would include deposits, and as thousands of stock banks throughout the country carry deposits in excess of their capital upon which they pay interest, such interest being as much an item of expense as any other in the conduct of the business, it at once became evident that to allow a bank merely to deduct the interest on an amount of deposits equal to capital and not to deduct the very large amount of interest payments upon deposits in excess of capital, would work a very serious injury to a large number of banking corporations. In view of this, General Counsel immediately prepared a brief upon the subject, showing the necessity for amending the law in this particular (copy published in July number, pp. 14-16), which brief was submitted to the President of the Association, approved by him and forwarded to the proper committee at Washington.

We are greatly pleased to report that in the law as finally passed Subdivision Third of Paragraph Second has been amended to read as follows (the amendment or addition we italicize):

> "Interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year *and in the case of a bank, banking association or trust company, all interest actually paid by it within the year on deposits.*

A corresponding amendment has been made in Subdivision Sixth of Paragraph Third, which provides for returns for purposes of taxation.

A number of other changes were made in the measure as finally passed, but as these changes—apart from the reduction of the tax from two to one per cent.—do not especially affect the banking interests, they will not be specified here. The full measure as printed elsewhere speaks for itself.

Corporation Tax Amendment

Full text of the measure as finally passed. It constitutes Section 38 of the Tariff bill, signed by the President at five minutes after five o'clock P. M., August 5, 1909, and taking effect the day after its passage unless otherwise therein specially provided.

SEC. 38. That every corporation, joint stock company or association, organized for profit and having a capital stock represented by shares, and every insurance company, now or hereafter organized under the laws of the United States or of any State or Territory of the United States or under the Acts of Congress applicable to Alaska or the District of Columbia, or now or hereafter organized under the laws of any foreign country and engaged in business in any State or Territory of the United States or in Alaska or in the District of Columbia, shall be subject to pay annually a special excise tax with respect to the carrying on or doing business by such corporation, joint stock company or association, or insurance company, equivalent to one per centum upon the entire net income over and above five thousand dollars received by it from all sources during such year, exclusive of amounts received by it as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax hereby imposed; or if organized under the laws of any foreign country, upon the amount of net income over and above five thousand dollars received by it from business transacted and capital invested within the United States and its Territories, Alaska, and the District of Columbia during such year, exclusive of amounts so received by it as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax hereby imposed: *Provided, however,* That nothing in this section contained shall apply to labor, agricultural or horticultural organizations, or to fraternal beneficiary societies, orders, or associations operating under the lodge system, and providing for the payment of life, sick, accident, and other benefits to the members of such societies, orders, or associations, and dependents of such members, nor to domestic building and loan associations, organized and operated exclusively for the mutual benefit of their members, nor to any corporation or association organized and operated exclusively for religious, charitable, or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual.

Second. Such net income shall be ascertained by deducting from the gross amount of the income of such corporation, joint stock company or association, or insurance company, received within the year from all sources, (first) all the ordinary and necessary expenses actually paid within the year out of income in the maintenance and operation of its business and properties, including all charges such as rentals or franchise payments, required to be made as a condition to the continued use or possession of property; (second) all losses actually sustained within the year and not compensated by insurance or otherwise, including a reasonable allowance for depreciation of property, if any, and in the case of insurance companies the sums other than dividends, paid within the year on policy and annuity contracts and the net addition, if any, required by law to be made within the year to reserve funds; (third) interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year, and in the case of a bank, banking association or trust company, all interest actually paid by it within the year on deposits; (fourth) all sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof, or imposed by the government of any foreign country as a condition to carrying on business therein; (fifth) all amounts received by it within the year as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax hereby imposed: *Provided,* That in the case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, such net income shall be ascertained by deducting from the gross amount of its income received within the year from business transacted and capital invested within the United States and any of its Territories, Alaska and the District of Columbia, (first) all the ordinary and necessary expenses actually paid within the year out of earnings in the maintenance and operation of its business and property within the United States and its Territories, Alaska, and the District of Columbia, including all charges such as rentals or franchise payments required to be made as a condition to the continued use or possession of property; (second) all losses actually sustained within the year in business conducted by it within the United States or its Territories, Alaska, or the District of Columbia not compensated by insurance or otherwise, including a reasonable allowance for depreciation of property, if any, and in the case of insurance companies the sums other than dividends, paid within the year on policy and annuity contracts and the net addition, if any, required by law to be made within the year to reserve funds; (third) interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness, not exceeding the proportion of its paid-up capital stock outstanding at the close of the year which the gross amount of its

income for the year from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia bears to the gross amount of its income derived from all sources within and without the United States; (fourth) the sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof; (fifth) all amounts received by it within the year as dividends upon stock of other corporations, joint stock companies or associations, and insurance companies, subject to the tax hereby imposed. In the case of assessment insurance companies the actual deposit of sums with State or Territorial officers, pursuant to law, as additions to guaranty or reserve funds shall be treated as being payments required by law to reserve funds.

Third. There shall be deducted from the amount of the net income of each of such corporations, joint stock companies or associations, or insurance companies, ascertained as provided in the foregoing paragraphs of this section, the sum of five thousand dollars, and said tax shall be computed upon the remainder of said net income of such corporation, joint stock company or association, or insurance company, for the year ending December thirty-first, nineteen hundred and nine, and for each calendar year thereafter; and on or before the first day of March, nineteen hundred and ten, and the first day of March in each year thereafter, a true and accurate return under oath or affirmation of its president, vice-president, or other principal officer, and its treasurer or assistant treasurer, shall be made by each of the corporations, joint stock companies or associations, and insurance companies, subject to the tax imposed by this section, to the collector of internal revenue for the district in which such corporation, joint stock company or association, or insurance company, has its principal place of business, or, in the case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, in the place where its principal business is carried on within the United States, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, setting forth, (first) the total amount of the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year; (second) the total amount of the bonded and other indebtedness of such corporation, joint stock company or association, or insurance company at the close of the year; (third) the gross amount of the income of such corporation, joint stock company or association, or insurance company, received during such year from all sources, and if organized under the laws of a foreign country the gross amount of its income received within the year from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia; also the amount received by such corporation, joint stock company or association, or insurance company, within the year by way of dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the tax imposed by this section; (fourth) the total amount of all the ordinary and necessary expenses actually paid out of earnings in the maintenance and operation of the business and properties of such corporation, joint stock company or association, or insurance company, within the year, stating separately all charges such as rentals or franchise payments required to be made as a condition to the continued use or possession of property, and if organized under the laws of a foreign country the amount so paid in the maintenance and operation of its business within the United States and its Territories, Alaska, and the District of Columbia; (fifth) the total amount of all losses actually sustained during the year and not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property, and in the case of insurance companies the sums other than dividends, paid within the year on policy and annuity contracts and the net addition, if any, required by law to be made within the year to reserve funds; and in the case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, all losses actually sustained by it during the year in business conducted by it within the United States or its Territories, Alaska, and the District of Columbia, not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property, and in the case of insurance companies the sums other than dividends, paid within the year on policy and annuity contracts and the net addition, if any, required by law to be made within the year to reserve fund; (sixth) the amount of interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of such corporation, joint stock company or association, or insurance company, outstanding at the close of the year, and in the case of a bank, banking association or trust company, stating separately all interest paid by it within the year on deposits; or in case of a corporation, joint stock company or association, or insurance company, organized under the laws of a foreign country, interest so paid on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the proportion of its paid-up capital stock outstanding at the close of the year, which the gross amount of its income for the year from business transacted and capital invested within the United States and any of its Territories, Alaska, and the District of Columbia, bears to the gross amount of its income derived from all sources

within and without the United States; (seventh) the amount paid by it within the year for taxes imposed under the authority of the United States or any State or Territory thereof, and separately the amount so paid by it for taxes imposed by the government of any foreign country as a condition to carrying on business therein; (eighth) the net income of such corporation, joint stock company or association, or insurance company, after making the deductions in this section authorized. All such returns shall as received be transmitted forthwith by the collector to the Commissioner of Internal Revenue.

Fourth. Whenever evidence shall be produced before the Commissioner of Internal Revenue which in the opinion of the commissioner justifies the belief that the return made by any corporation, joint stock company or association, or insurance company, is incorrect, or whenever any collector shall report to the Commissioner of Internal Revenue that any corporation, joint stock company or association, or insurance company, has failed to make a return as required by law, the Commissioner of Internal Revenue may require from the corporation, joint stock company or association, or insurance company making such return, such further information with reference to its capital, income, losses, and expenditures as he may deem expedient; and the Commissioner of Internal Revenue, for the purpose of ascertaining the correctness of such return or for the purpose of making a return where none has been made, is hereby authorized, by any regularly appointed revenue agent specially designated by him for that purpose, to examine any books and papers bearing upon the matters required to be included in the return of such corporation, joint stock company or association, or insurance company, and to require the attendance of any officer or employee of such corporation, joint stock company or association, or insurance company, and to take his testimony with reference to the matter required by law to be included in such return, with power to administer oaths to such person or persons; and the Commissioner of Internal Revenue may also invoke the aid of any court of the United States having jurisdiction to require the attendance of such officers or employees and the production of such books and papers. Upon the information so acquired the Commissioner of Internal Revenue may amend any return or make a return where none has been made. All proceedings taken by the Commissioner of Internal Revenue under the provisions of this section shall be subject to the approval of the Secretary of the Treasury.

Fifth. All returns shall be retained by the Commissioner of Internal Revenue, who shall make assessments thereon; and in case of any return made with false or fraudulent intent, he shall add one hundred per centum of such tax, and in case of a refusal or neglect to make a return or to verify the same as aforesaid he shall add fifty per centum of such tax. In case of neglect occasioned by the sickness or absence of an officer of such corporation, joint stock company or association, or insurance company, required to make said return, or for other sufficient reason, the collector may allow such further time for making and delivering such return as he may deem necessary, not exceeding thirty days. The amount so added to the tax shall be collected at the same time and in the same manner as the tax originally assessed unless the refusal, neglect, or falsity is discovered after the date for payment of said taxes, in which case the amount so added shall be paid by the delinquent corporation, joint stock company or association, or insurance company, immediately upon notice given by the collector. All assessments shall be made and the several corporations, joint stock companies or associations, or insurance companies, shall be notified of the amount for which they are respectively liable on or before the first day of June of each successive year, and said assessments shall be paid on or before the thirtieth day of June, except in cases of refusal or neglect to make such return, and in cases of false or fraudulent returns, in which cases the Commissioner of Internal Revenue shall, upon the discovery thereof, at any time within three years after said return is due, make a return upon information obtained as above provided for, and the assessment made by the Commissioner of Internal Revenue thereon shall be paid by such corporation, joint stock company or association, or insurance company immediately upon notification of the amount of such assessment; and to any sum or sums due and unpaid after the thirtieth day of June in any year, and for ten days after notice and demand thereof by the collector, there shall be added the sum of five per centum on the amount of tax unpaid and interest at the rate of one per centum per month upon said tax from the time the same becomes due.

Sixth. When the assessment shall be made, as provided in this section, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such.

Seventh. It shall be unlawful for any collector, deputy collector, agent, clerk, or other officer or employee of the United States to divulge or make known in any manner whatever not provided by law to any person any information obtained by him in the discharge of his official duty, or to divulge or make known in any manner not provided by law any document received, evidence taken, or report made under this section except upon the special direction of the President; and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding one thousand dollars, or by imprisonment not exceeding one year, or both, at the discretion of the court.

Eighth. If any of the corporations, joint stock companies or associations, or insurance companies, aforesaid, shall refuse or neglect to make a return at the time or times hereinbefore specified in each year, or shall render a false or fraudulent return, such corporation, joint stock company or association, or insurance company, shall be liable to a penalty of not less than one thousand dollars and not exceeding ten thousand dollars.

Any person authorized by law to make, render, sign, or verify any return who makes any false or fraudulent return, or statement, with intent to defeat or evade the assessment required by this section to be made, shall be guilty of a misdemeanor, and shall be fined not exceeding one thousand dollars or be imprisoned not exceeding one year, or both, at the discretion of the court, with the costs of prosecution.

All laws relating to the collection, remission, and refund of internal-revenue taxes, so far as applicable to and not inconsistent with the provisions of this section, are hereby extended and made applicable to the tax imposed by this section.

Jurisdiction is hereby conferred upon the circuit and district courts of the United States for the district within which any person summoned under this section to appear to testify or to produce books, as aforesaid, shall reside, to compel such attendance, production of books, and testimony by appropriate process.

BANK GUARANTEES OF DRAFTS ON CUSTOMERS

AMONG the opinions which we publish this month is one given a bank in Florida upon the guarantee of a bill-of-lading draft, in which we show that it has been held in a number of cases (with one decision to the contrary) that the guarantee by a national bank of payment of a draft upon its customer is beyond the power of the bank and, therefore, cannot safely be relied upon by a purchaser of the draft; furthermore, that the same proposition is probably true with reference to the guarantee of a State bank.

The Florida bank, to whom this opinion was sent, has since written us as follows:

> We have been cashing these guaranteed drafts for years and have always supposed ourselves perfectly safe in so doing by insisting that the guarantees should be absolutely free of any conditions whatever, except what may show on the bill of lading, thereby releasing ourselves from all responsibility as to the quality or condition of goods on arrival, or even as to their arrival. We suppose that quite 50 per cent. of all shipments made from this State are shipped on these guarantees, the shippers insisting on cash f. o. b. shipping point, and these guarantees being considered the equivalent of cash.

The above indicates that the practice is quite general in Florida, and perhaps in other States, for banks which purchase bill-of-lading drafts to do so in reliance upon a guarantee of some bank, State or national, at the point of destination, that the draft, which is generally drawn upon one of its customers, will be paid; and it is, therefore, important that banks which purchase drafts in reliance upon such bank guarantees should know that there is considerable risk in so doing in view of their unreliability, because of the want of power of the banks which make them.

We will not have space here to make any exhaustive review of the decisions, but will refer to certain of the cases which will be sufficient to illustrate the propostion.

The decision of the Supreme Court of Missouri, in 1902, in First National Bank *vs.* American National Bank, 173 Mo. 153, covers the subject very fully and we will, therefore, quote from it at some length. A national bank in Kansas City telegraphed a national bank in Idaho that certain drafts of one L of Idaho upon C and Co. of Kansas City with bills of lading for potatoes attached would be paid, and on the faith of this telegram the Idaho bank discounted the drafts. The drafts were dishonored and the Kansas City bank refused to pay them.

The Kansas City bank pleaded it had no power under the National Bank Act to make the contract, which was a mere guarantee. The Idaho bank replied that the Kansas bank was estopped to plead *ultra vires* because the contract was an executed one on the part of the Idaho bank and only the Government could question the power of the Kansas City bank.

The Missouri court held that, if the contract was *ultra vires,* the national bank had a right to plead its want of power, holding itself bound by the Federal rule, thus expressed by the Supreme Court of the United States in California Bank *vs.* Kennedy, 167 U. S. 367: "Whatever divergence of opinion may arise on this question from conflicting adjudications in some of the State courts, in this court it is settled in favor of the right of the corporation to plead its want of power, that is to say, to assert the nullity of an act which is an *ultra vires* act."

Having settled that a national bank can plead want of power in defense of its liability on a contract, the Missouri court then proceeded to determine whether the contract in question was one beyond the power of a national bank to make. After quoting Section 5136 of the United States Revised Statutes, which enumerates the powers of national banks, it said:

"This law has undergone thorough and exhaustive adjudication in the courts of the United States and, briefly stated, the rule declared is that a national bank has no power, either with or without a sufficient consideration, to agree to bind itself that the draft of A upon B will be paid; that such agreement is a mere guarantee and is not within the powers conferred upon such banks and that when sued upon such a contract the bank can successfully interpose the defense of *ultra vires.*"

The court further said that the above rule of the Federal court has been yielded to and enforced in a number of State courts, citing Thilmany *vs.* Paper Bag Co., 108 Iowa 333 (and cases cited) and Groos *vs.* Brewster, 55 S. W. (Tex.) 590.

The Missouri court further said: "It will be of no profit in this case to consider the rules of law adopted by the several States bearing upon the power of banks organized by authority other than the Federal Government to enter into such contracts, or to interpose the defense of *ultra vires* after the other party to the contract has fully performed it, for the decisions of the Federal courts treat all such contracts as void and unenforceable as to national banks, and this court is in duty bound to defer to those Federal decisions."

The Supreme Court of Pennsylvania, in 1905, had before it a similar case (National Bank *vs.* National Bank, 212, Pa. 238). A national bank in Philadelphia wrote a national bank in Georgia as follows: "Gentlemen—We will accept drafts drawn on J. F. Eilenberg by Brown & Co. for watermelons and cantaloupes, melons not to exceed $100 per car, bills of lading attached, until further notice." The national bank in Philadelphia, when sued for drafts purchased on the faith of this guarantee, pleaded its want of power. The Supreme Court of Pennsylvania, declaring the bank not liable, said: "It is conceded by the plaintiff that the weight of authority is in favor of the proposition that a national bank has no power or authority to become a mere accommodation indorser or guarantor of the payment of the debt of another without benefit to itself. So far as we are advised, the question has not been determined by the Supreme Court of the United States, but the inferior courts of that jurisdiction have uniformly put this construction on the powers of a bank chartered under the National Banking Act, and as the subject is one of Federal origin and of Federal control, we must follow these precedents. We, therefore, hold that the contract on which the suit was brought was *ultra vires* the defendant bank, and that the court erred in entering judgment for the plaintiff."

A contrary decision has been rendered in North Carolina (Hutchins *vs.* Bank, 128 N. C. 72, year 1901). A national bank by letter agreed that a draft

drawn by Hutchins not to exceed $300 upon Chalkey & Co. for hides to be shipped would be paid. In consideration of that guarantee, Hutchins shipped the hides and drew the draft. The court holding the bank liable, said: "The National Bank Act contains no prohibition against such banks guaranteeing paper, but it is contended that the terms of the statute do not authorize a national bank to make a contract of guarantee. * * * Here, if it be conceded that the contract was *ultra vires,* it was not expressly prohibited nor illegal; the plaintiff acted upon it, and relying on it, he parted with his property and shipped the hides. The defendant is estopped on both reason and precedent to aver that it was not empowered to give the guarantee."

The above case stands almost alone. Those previously cited illustrate the prevailing rule that a national bank has no power to guarantee or promise that a draft of A upon B will be paid and that it has a right to plead its want of power, and is not estopped to make such plea as against one who has parted with value on faith of the guarantee. This is the rule applied in the Federal courts and also applied as to national banks by most of the State courts that have had the question before it, such courts deeming themselves bound by the Federal rule.

So far the decisions referred to have related solely to national banks. But while the cases are not so numerous, the same doctrine of want of power to guarantee the debt of another holds good as to banks organized under State laws. For example, in Bacon *vs.* Bank, 79 Mo. App. 406, the court in holding void and unenforceable a written guarantee of an incorporated State bank, executed by its cashier, that the note of one C payable to B would be paid, said: "It was an attempt by the cashier to pledge the bank's credit for the benefit and accommodation of Cates. Neither the bank, its cashier, or any officer thereof, had authority to make such a contract. * * * The cashier comes forward and attempts to loan the credit of the bank for the benefit of the borrower. This was not within the scope of the bank's business; it was not organized to conduct business of that character. It had only such powers as were granted expressly or impliedly by its charter—the statute of the State; and among these will not be found power to go security for another in a case like this."

To summarize: The general proposition holds good both as to national banks and those organized under the laws of the respective States, that the bank has no power to become surety, guarantor or accommodation indorser for others on contracts in which it has no interest. This is not deemed a legitimate part of the banking business, and the courts hold it is beyond the power of banks to make contracts of this character. So far as the national banks are concerned, not only are they lacking in power, but the Federal courts hold they have the right to plead such want of power in defense of liability, and are not estopped to allege it even as against parties who have parted with value on faith of such purported contracts. The majority of State courts also hold themselves bound as to national banks to apply the Federal rule. But as to State banks, while there is no divergence of view as to the want of power, there is a divergence of view in the State courts as to the right of the bank to plead the want of power as against parties who have relied and parted with value on the faith of the contract.

This is the situation and, as said at the beginning, any practice of banks of advancing money on bill-of-lading drafts in reliance upon guarantees of payment, given by other banks at the point of destination of the property, is a very risky and unsafe one. In some isolated case such a guarantee might be enforced, but in the majority of cases it is worthless and unreliable.

OPINIONS

Summary of Questions Received and Opinions Rendered to Members of the Association

GUARANTY OF BILL OF LADING DRAFT

Bill-of-lading draft drawn on party in Mississippi and payment guaranteed by Mississippi bank—Opinion that draft paid and terms of guaranty fulfilled, although proceeds afterwards attached—Question raised as to power of bank to bind itself upon such guaranty in any event.

FROM FLORIDA.—We received the following telegram:

"G Miss.,
L State Bank 6 June, 1909.
We guarantee payment lading draft F G one hundred dollars
Bank of W"

Acting on this, we cashed a sight draft, drawn by S & Co, for $100 on F G with a bill of lading for one car watermelons attached, and forwarded to Bank of W on the 12th June. On the 18th they advised that the draft had been paid, but "proceeds held 96 hours as per Code, Mississippi Laws, No. 4300." On the 19th they advised that F G had attached the proceeds.

We would like to inquire whether your opinion is that this draft was a bill-of-lading draft, within the meaning of the Mississippi Law, or whether it was simply a sight draft, guaranteed by the Bank of W, and should have been remitted for immediately upon presentation?

They also claim that by collecting the draft and marking same paid on the 18th, they have fulfilled their guarantee. Is this reasonable? We shall be very much obliged to you for your opinion on these points.

Specifically replying to the two questions you ask, it is my opinion that (1) the draft in question was a bill-of-lading draft within the meaning of the Mississippi statute, which provides that "a bank or other person collecting a draft with bill of lading attached shall retain the money so collected for the space of 96 hours after the delivery of the bill of lading," and (2) the draft was paid on the 18th of June and the terms of the guarantee fulfilled. The guarantee does not go to the extent of insuring that, after payment, the proceeds will be paid over to you, free from attachment.

Furthermore, and apart from this, it is questionable, in my mind, whether in any event—that is to say, if the draft had not been paid—the bank would be legally bound upon such a guarantee if it chose to repudiate it. It has been held in a number of cases that a national bank has no power to guarantee that the draft of A upon B will be paid and cannot be held upon such a guarantee, and it is not unlikely the same thing would be held of the guarantee by a state bank of another's debt. The theory of the law upon which these decisions are based is that a bank cannot lend its credit in this way—that the business of guarantee insurance or the insurance of the debts of others is not banking—and that such contracts by banks are beyond their power and not enforceable against them. It is true here are a few decisions to the contrary; but such is the prevailing rule and it would therefore seem rather unsafe in any event to rely upon a guarantee by a bank that A's draft upon B would be paid.

Just a word upon the peculiar law of Mississippi. Mississippi is one of the two states (Alabama being the other) in which the doctrine still obtains that a bank which purchases a bill-of-lading draft warrants the shipment to the drawee. In keeping with this, the Mississippi statute requires the collecting bank to retain the proceeds 96 hours, the object being to give the payor an opportunity to examine the shipment, and if the goods are damaged or not otherwise up to contract, to attach the funds before they have been remitted out of Mississippi by the collecting bank. Even where the owner of a draft is a national bank whose property (and the proceeds of the collected draft are its property) is protected by the Federal statute before final judgment, the Mississippi courts get around this by entertaining a proceeding in equity to determine the ownership of the fund and adjust conflicting claims, in which the national bank is brought in as a claimant; this proceeding, it is held, not being an attachment of the funds of a national bank within the meaning of the Federal statute. Many banks stamp disclaimers of liability for quality, quantity and condition upon bill-of-lading drafts, but it is not at all unlikely that the Mississippi courts would hold such disclaimers not binding upon the payor as a contract, although the question of the binding effect of such disclaimers has never been decided in Mississippi or elsewhere, so far as I know.

In view of this peculiar condition of law in Mississippi, many banks refuse to purchase, but will only take for collection, bill-of-lading drafts on Mississippi points. In your case

you have purchased such a draft and have relied on the guarantee of payment of a Mississippi bank for your protection. Waiving the question of power of the Mississippi bank and assuming the guarantee to be by parties competent to bind themselves thereby, it only guarantees payment, nothing more, and payment has been made. Such a guarantee to afford protection would have to be not only by competent parties, but broad enough in terms to cover not alone payment, but realization by you of the proceeds. As this case illustrates, under a condition of law such as obtains in Mississippi, where a bank which purchases a bill-of-lading draft is held a warrantor of the shipment and where, after its agent receives payment of the draft, the proceeds must be held four days to permit of attachment in an action or proceeding against the bank whenever the goods are claimed to be defective, a mere guarantee of payment in reality amounts to nothing.

CHARGE OF NOTE TO CUSTOMER'S ACCOUNT

Bank owning customer's note has right at maturity to charge up to his account without first notifying him and obtaining his consent.

FROM DELAWARE.—Suppose one John Brown should have a note of $100 due at this bank, we will say about August 5th. Mr. Brown keeps an account with our bank and he had $100 to his credit on August 5th. As he has the money in the bank, I argue that the bank has the right to charge the note up to him, notifying him that same has been charged to his account. I have had a dispute about a matter of this kind and the other party claims that the bank has no right to charge the note to the account, unless they receive notice from the maker authorizing them to charge the note against the account.

I assume the bank is the owner of the note. With the exception of one or two States in which it has been held that a bank has no right to charge up a customer's matured note, which it owns, to his account, without first notifying him and obtaining his consent, the rule quite generally—I might say almost universally—prevailing, is that the bank owning a customer's note has a right at maturity to charge it up against the maker's account.

This, I believe, is the rule in Delaware. In an early case in that State (McDowell *vs.* Bank, 1 Harr. 369) such right of set-off of the bank was upheld. Not only this, but it was held that if the bank failed to charge up the note against the maker's account, when the funds were sufficient, such failure would release the indorser. I know of no later decision in the State which changes the law in this respect, and it would, therefore, follow that your bank, at maturity, would have the right to charge your customer's note to his account.

BANK COLLECTION

Majority of courts hold mailing check to drawee improper, even though drawee is only bank in place—Need of legislation defining due diligence in accordance with legitimate banking customs.

FROM OKLAHOMA.—Referring to page 19, your July issue, under head of "Bank Collection," beg to ask what course a bank should pursue in a similar case to the one described, if there be only one bank in the town where the check handled, is drawn upon? The courts seem to hold that a check should go almost direct to the town in which drawee bank is located, yet at the same time decide against sending it to the drawee bank. Did not the bank in the Louisiana town in sending the Edgewood item to Galveston, Galveston being out of line with the town where the drawee bank is located, also show a little negligence in the matter?

While some courts hold that a banking custom of mailing a check direct to the drawee, where such drawee is the only bank in the place, is a proper course, the majority of courts which have passed upon the question hold that even the fact that the drawee is the only bank does not free the collecting bank of the charge of negligence. For example, the Supreme Court of North Carolina (Bank of Rocky Mount *vs.* Murchison Nat. Bank, decided October, 1906), after holding that the drawee of a check is not a suitable agent to entrust with its collection and that a custom to transmit to the drawee where it is the correspondent of the transmitting bank is invalid, also holds that even if the drawee is the only bank in the place, the sending of the check to such drawee is negligence. On this point the court says: "It has been held that if the drawee be the only bank at the place of payment, an exception to the general rule is made. This holding is not in harmony with the best thought on the subject or the principle underlying the law of agency. While the convenience of persons and corporations engaged in particular lines of business, and the general custom recognized and acted upon, are properly given consideration in the construction of contracts and fixing rules of duty and liability, elementary principles of law founded upon the wisdom and experience of the ages should not be violated."

You ask what course the bank should pursue where the drawee is the only bank in the town? There seems nothing for the collecting bank to do except to take the risk of the drawee's solvency, until a better rule of law shall be obtained. Possibly it might make a

contract with its principal authorizing it to pursue the course of mailing direct to the drawee; but even such a contract might be held bad as contrary to public policy by attempting to stipulate against its own negligence.

In the North Carolina case just cited there was a contract that "items outside of Wilmington are remitted at owner's risk until we receive full actual payment," and the court construed this contract as simply relieving the bank, when it had selected a suitable correspondent, from liability for the latter's defaults, but not as authorizing the sending of the check direct to the drawee. Refusing to give the contract the last-stated construction, the court said:

"This construction would relieve it from the duty of using due care in the selection of a sub-agent.. If such is the proper construction of the language and if thereby it is relieved from the responsibility for its own negligence, we should not hesitate to hold it unreasonable and invalid."

There is great need for a statutory codification of the rules of law which will so define due diligence in the presentment and collection of distant items as to permit of such collections being made in accordance with the legitimate banking customs which modern conditions have made necessary, and it is one of the problems before General Counsel to frame a code of rules which will adequately meet the needs of the situation and which may be presented for enactment to the different State legislatures.

Concerning your further inquiry whether the Louisiana bank was not also negligent in sending the Edgewood item circuitously to Galveston instead of to a correspondent more directly in line with the place of the drawee, such a consideration might have force in a controversy between the Louisiana bank and a prior principal. But as between the Louisiana bank and the Galveston bank, it was stated there was an agreement between the two banks by which the Galveston bank was to handle all the Louisiana bank's Texas items. The items on Edgewood were sent pursuant to that agreement and the Galveston bank was, therefore, responsible to the Louisiana bank for the act of its Fort Worth correspondent in forwarding the items direct to the drawee, which failed without returning or remitting for them.

COMPETENCY OF BANK NOTARY

Notary, when a stockholder of bank, generally held incompetent to take acknowledgments of instruments running to bank—Law uncertain as to competency to protest paper owned by bank—Questions not passed upon in Louisiana or North Dakota.

FROM LOUISIANA.—Can a notary public who is a stockholder and director of our bank legally serve as our notary public, for passing sales, mortgages, protests, etc.?

FROM NORTH DAKOTA.—I have just finished reading your article in the July number of the JOURNAL entitled, "Compentency of Bank Notaries." The article touches upon the competency of bank notaries in the State of Illinois only, and I should be glad if you would give me your opinion as to the competency of bank officers in North Dakota, who are also stockholders, taking acknowledgments of mortgage deeds and other instruments in which the bank is interested?

I do not find that the courts of either Louisiana or North Dakota have ever passed upon the question of the qualification of a notary, where a stockholder of a bank, to take acknowledgments of deeds and other instruments in which the bank is interested. But in view of the fact that a majority of the courts which have passed upon the question hold the notary incompetent in such case, the safer plan would be for the officer not to act in that capacity.

As to protests of paper belonging to the bank, as distinguished from acknowledgments of paper to which the bank is a party, there is a dearth of decision, but in this case also it would be safer not to have the notary protest where a stockholder.

The proposed law drafted by General Counsel to provide for the competency of bank notaries in such cases has been enacted in several States this year, and bankers in Louisiana and in North Dakota should work for its enactment at the next session of their legislatures.

STATE BANKERS' ASSOCIATIONS, 1908-9

ORGANIZATION OF SECRETARIES OF STATE BANKERS' ASSOCIATIONS

Organized November 13, 1902

OFFICERS

W. F. KEYSER, Sedalia, Mo., *President.*
L. P. HILLYER, Macon, Ga., *First Vice-President.*
L. O. BROUSSARD, Abbeville, La., *Second Vice-Pres.*
FRED. E. FARNSWORTH, New York, N. Y., *Sec. & Tr.*

BOARD OF CONTROL

ANDREW SMITH, Indianapolis, Ind.
E. O. ELDREDGE, New York City.
N. P. GATLING, Lynchburg, Va.
J. W. HOOPES, Austin, Tex.
L. A. COATE, Boise, Idaho.

CONVENTIONS TO BE HELD IN 1909

Aug.	4- 5.	Montana	Missoula.
Sept.	7- 8.	Pennsylvania	Bedford Springs.
"	8- 9.	Nebraska	Omaha.
"	13-17.	American Bankers' Association	Chicago.
"	15.	New Mexico	Santa Fe.
Oct.	6-7.	Kentucky	Louisville.
"	12-13.	Illinois	Decatur.

ALABAMA—ORGANIZED 1892.
President—H. L. MCELDERRY, President Talladega National Bank, Talladega.
Vice-President—W. L. LANCASTER, President Bank of Wetumpka, Wetumpka.
Secretary and Treasurer—MCLANE TILTON, JR. Cashier Bank of St. Clair County, Pell City.

ARIZONA—ORGANIZED 1903.
President—M. J. CUNNINGHAM, Cashier Bank of Bisbee, Bisbee.
Vice-President—C. A. VAN DORN, Asst. Cashier Gila Valley Bank & Trust Co., Clifton.
Secretary—MORRIS GOLDWATER, President Commercial Trust Co., Prescott.
Treasurer—LLOYD B. CHRISTY, Cashier Valley Bank, Phœnix.

ARKANSAS—ORGANIZED 1891.
President—T. C. MCRAE, President Bank of Prescott, Prescott.
Vice-President—GEORGE R. WOOD. Cashier Citizens Bank, Van Buren.
Secretary—ROBERT E. WAIT, President Citizens Investment & Security Co. Little Rock.
Treasurer—JAMES E. PARR, Cashier First National Bank, Jonesboro.

CALIFORNIA—ORGANIZED 1891.
President—H. S. FLETCHER, President Bank of Watsonville, Watsonville.
Vice-President—W. H. HIGH, Manager International Banking Corporation, San Francisco.
Treasurer—JAMES J. FAGAN, Vice-President Crocker National Bank, San Francisco.
Secretary—R. M. WELCH, Assistant Cashier San Francisco Savings Union, San Francisco.
Assistant Secretary—F. H. COLBURN, 502 California Street, San Francisco.

CANADIAN—ORGANIZED 1893.
President—E. S. CLOUSTON, General Manager Bank of Montreal.
Secretary and Treasurer—J. T. P. KNIGHT, Montreal, Que.

COLORADO—ORGANIZED 1902.
President—C. C. PARKS, Cashier First National Bank, Glenwood Springs.
Vice-President—ALBERT A. REED, President The Mercantile Bank and Trust Company, Boulder.
Secretary and Treasurer—GUY L. V. EMERSON, Cashier Silverton National Bank, Silverton.

CONNECTICUT—ORGANIZED 1899.
President—C. C. BARLOW, Cashier Yale National Bank, New Haven.
Vice-President—M. H. Griffing, Cashier City National Bank, Danbury.
Secretary—C. E. HOYT, Secretary and Treasurer South Norwalk Trust Company, South Norwalk.
Treasurer—H. C. LATHROP, Cashier Windham National Bank, Willimantic.

DISTRICT OF COLUMBIA—ORGANIZED 1901.
President—E. J. STELLWAGEN, President Union Trust Co., Washington.
Vice-Presidents—E. S. PARKER, President National Metropolitan Bank, Washington; B. F. SAUL, President Home Savings Bank, Washington.
Secretary—WILLIAM A. MEARNS, of Lewis Johnson & Co., Washington.
Treasurer—GEORGE WALSON, Cashier National Metropolitan Bank, Washington.

FLORIDA—ORGANIZED 1889.
President—CARY A. HARDEE, President First National Bank, Live Oak.
Vice-Presidents—H. E. TAYLOR, Gainesville; F. F. BARDIN, Lake City; G. E. LEWIS, Tallahassee; R. R. TURNBULL, Monticello; C. J. CARLTON, Wauchula.
Secretary and Treasurer—GEORGE R. DESAUSSURE, Cashier Barnett National Bank, Jacksonville.

GEORGIA—ORGANIZED 1892.
President—E. D. WALTER, Cashier National Bank of Brunswick, Brunswick.
Vice-Presidents—A. P. COLES, Atlanta; WILLIAM W. OSBORN, Savannah; WILLIAM SCHWEIGERT, Augusta; W. C. LANIER, West Point; B. W. HUNT, Eatonton.
Secretary—L. P. HILLYER, Vice-President American National Bank, Macon.
Treasurer—E. C. SMITH, Cashier Griffin Banking Co., Griffin.

IDAHO—ORGANIZED 1905.
President—BOYD HAMILTON, Cashier Coeur d'Alene Bank & Trust Co., Coeur d'Alene.
Vice-President—J. A. GIVENS, Vice-President Bank of Nampa, Ltd., Nampa.
Secretary—L. A. COATE, Vice-President Bank of Commerce, Boise.
Treasurer—E. K. HAYES, Cashier First National Bank, Emmett.

ILLINOIS—ORGANIZED 1880.
President—JAMES MCKINNEY, Aledo Bank, Aledo.
Vice-President—OSCAR G. FOREMAN, Vice-President Foreman Bros. Banking Co., Chicago.
Secretary—R. L. RINAMAN, Rooms 1030-32, The Rookery, Chicago.
Treasurer—T. S. O. MCDOWELL, President First National Bank, Fairbury

INDIANA—ORGANIZED 1897.
President—JAMES W. SALE, President Farmers & Traders Bank, Markle.
Vice-President—CHARLES H. WORDEN, Vice-President First National Bank, Fort Wayne.
Secretary—ANDREW SMITH, Vice-President Capital National Bank, Indianapolis.
Treasurer—HARRY H. OGDEN, Cashier Old State National Bank, Evansville.

IOWA—ORGANIZED 1887.
President—J. D. EASTON, President Iowa State Bank, Waterloo.
Vice-President—L. E. STEVENS, Cashier Wapello County Savings Bank, Ottumwa.
Secretary—J. M. DINWIDDIE, Cashier Cedar Rapids Savings Bank, Cedar Rapids.
Treasurer—I. M. SPROUL, Vice-President Citizens' Savings Bank, Washington.

KANSAS—ORGANIZED 1887.
President—P. W. GOEBEL, President Commercial National Bank, Kansas City, Kas.
Vice-President—CHARLES E. LOBDELL, President First State Bank, Larned.
Secretary—W. W. BOWMAN, Topeka.
Treasurer—L. S. NAFTZGER, President Fourth National Bank, Wichita.

KENTUCKY—ORGANIZED 1891.
President—J. R. DOWNING, Cashier Georgetown National Bank, Georgetown.
Secretary—ARCH. B. DAVIS, Georgetown.
Treasurer—HENRY D. ORMSBY, Cashier National Bank of Kentucky, Louisville.

LOUISIANA—ORGANIZED 1900.
President—R. N. SIMS, Vice-President Peoples Bank, Donaldsonville.
Vice-President—A. BRETON, Vice-President German-American National Bank, New Orleans.
Secretary—L. O. BROUSSARD, President Bank of Abbeville, Abbeville.
Treasurer—L. M. POOL, Active Vice-President Hibernia Bank & Trust Co., New Orleans.

MAINE—ORGANIZED 1900.
President—CHARLES A. MOODY, President First National Bank, Biddeford.
Vice-President—C. M. SAWYER, Cashier First National Bank, Dexter.
Secretary—HASCALL S. HALL, Cashier Ticonic National Bank, Waterville.
Treasurer—GEORGE A. SAFFORD, Cashier Northern National Bank, Hallowell.

MARYLAND—ORGANIZED 1896.
President—JOS. D. BAKER, President Citizens National Bank, Frederick.
Secretary—CHARLES HANN, Assistant Cashier National Mechanics Bank, Baltimore.
Treasurer—WILLIAM MARRIOTT, Cashier Western National Bank, Baltimore.

MASSACHUSETTS—ORGANIZED 1905.
President—ALFRED L. AIKEN, President Worcester County Institution for Savings, Worcester.
Vice-President—ALLAN FORBES, Vice-President State Street Trust Co., Boston.
Secretary—George W. Hyde, Assistant Cashier First National Bank, Boston.
Treasurer—FREDERIC C. NICHOLS, Treasurer Fitchburg Savings Bank, Fitchburg.

MICHIGAN—ORGANIZED 1887.
President—H. G. BARNUM, President First National Exchange Bank, Port Huron.
Vice-Presidents—EMORY W. CLARK, Vice-President First National Bank, Detroit; C. J. MONROE, Director Kalamazoo Savings Bank, Kalamazoo.
Secretary and Attorney—HAL H. SMITH, 1123 Ford Building, Detroit.
Treasurer—WILLARD F. HOPKINS, Vice-President First National Bank of Alger County, Munising.
Assistant Secretary—H. M. BROWN, 1123 Ford Building, Detroit.

MINNESOTA—ORGANIZED 1887.
President—W. I. PRINCE, Cashier City National Bank Duluth.
Vice-President—L. A. HUNTOON, President First National Bank, Moorhead.
Secretary—CHARLES R. FROST, 209 Metropolitan Life Building, Minneapolis.
Treasurer—L. WHITMORE, Cashier First National Bank, Wabasha.

MISSISSIPPI—ORGANIZED 1889.
President—W. M. ANDERSON, President Merchants' Bank & Trust Co., Jackson.
Vice-President—C. A. JOHNSTON, President First State Bank, Columbus.
Secretary and Treasurer—B. W. GRIFFITH, President First National Bank, Vicksburg.

MISSOURI—ORGANIZED 1891.
President—J. P. HINTON, Cashier Hannibal National Bank, Hannibal.
Vice-President—A. O. WILSON, Vice-President State National Bank, St. Louis.
Secretary—W. F. KEYSER, Sedalia.
Treasurer—A. H. WAITE, President Joplin National Bank, Joplin.

MONTANA—ORGANIZED 1904.
President—W. W. MCCRACKIN, President Ravall, County Bank, Hamilton.
Vice-President—JOHN E. EDWARDS, President Bank of Commerce, Forsyth.
Secretary-Treasurer—FRANK BOGART, Cashier Union Bank and Trust Company, Helena.

NEBRASKA—ORGANIZED 1890.
President—C. E. BURNHAM, President Norfolk National Bank, Norfolk.
Secretary—WILLIAM B. HUGHES, Manager Omaha Clearing House, Omaha.
Treasurer—F. T. HAMILTON, Vice-President Merchants' National Bank, Omaha.

NEVADA—ORGANIZED 1908.
President—F. M. LEE, Cashier Nixon National Bank, Reno.
Vice-President—JOHN HENDERSON, President Henderson Banking Co., Elko.
Secretary—GEORGE H. TAYLOR, Asst. Cashier Washoe County Bank, Reno.
Treasurer—FRED GROB, Cashier Farmers' & Merchants' National Bank, Reno.

NEW JERSEY—ORGANIZED 1903.
President—EDWARD L. HOWE, Vice-President Princeton Bank, Princeton.
Vice-President—ADRIAN LYON, President Perth Amboy Savings Institution, Perth Amboy.
Secretary—WM. J. FIELD, Secretary and Treasurer Commercial Trust Company, Jersey City.
Treasurer—ALEX. C. WOOD, President Camden Safe Deposit and Trust Co., Camden.

NEW MEXICO—ORGANIZED 1905.
President—R. J. PALEN, President First National Bank, Santa Fe.
Vice-President—E. A. CAHOON, Cashier First National Bank, Roswell.
Secretary—HALLETT RAYNOLDS, Asst. Cashier First National Bank, Las Vegas.
Treasurer—J. B. HERNDON, Cashier State National Bank, Albuquerque.

NEW YORK—ORGANIZED 1894.
President—LEDYARD COGSWELL, President New York State National Bank, Albany.
Vice-President—LUTHER W. MOTT, Vice-President and Cashier First National Bank, Oswego.
Treasurer—JNO. A. KLOEPFER, Vice-President Bank of Hamburg, Hamburg.
Secretary—WILLIAM J. HENRY, 92 West Broadway, New York City.

NORTH CAROLINA—ORGANIZED 1897.
President—JOHN O. ELLINGTON, Vice-President and Cashier Fourth National Bank, Fayetteville.
Vice-Presidents—W. C. WILKINSON, Charlotte; J. C. BRASWELL, Rocky Mount; LEAKE S. COVINGTON, Rockingham.
Secretary and Treasurer—WILLIAM A. HUNT, Cashier Citizens Bank, Henderson.

NORTH DAKOTA—ORGANIZED 1903.
President—R. C. KITTEL, President First National Bank, Casselton.
Vice-President—WESLEY C. MCDOWELL, Cashier First National Bank, Marion.
Secretary—W. C. MACFADDEN, Cashier Commercial Bank, Fargo.
Treasurer—W. H. SHULZE, Cashier Northern State Bank, Grand Forks.

OHIO—ORGANIZED 1891.
President—W. F. HOFFMAN, President Commercial National Bank, Columbus.
Vice-President—GEORGE P. JONES, Cashier First National Bank, Findlay.
Secretary—S. B. RANKIN, President Bank of South Charleston, South Charleston. Office 809 Wyandotte Building, Columbus.
Treasurer—FAY BALDWIN, Vice-President Highland County Bank, Greenfield.
Assistant Secretary—S. C. ARBUCKLE, 809 Wyandotte Building, Columbus.

OKLAHOMA—ORGANIZED 1897.
President—L. A. WILSON, President First National Bank, El Reno.
Vice-Presidents—J. B. FERGUSON, President Garfield Exchange Bank, Enid; W. P. FRAKER, Cashier First State Bank, Broken Arrow.
Treasurer—J. D. WADE, Cashier Duncan National Bank, Duncan.
Secretary—W. S. GUTHRIE, Cashier Farmers' State Bank, Oklahoma City.

OREGON—ORGANIZED 1905.
President—R. W. SCHMEER, Vice-President First National Bank, Portland.
Vice-President—ALEX. MARTIN, Cashier Klamath County Bank, Klamath Falls.
Secretary—J. L. HARTMAN, Hartman & Thompson, Bankers, Portland.
Treasurer—F. L. MEYERS, Cashier La Grande National Bank, La Grande.

PENNSYLVANIA—ORGANIZED 1894.
President—ELI S. REINHOLD, Director Union National Bank, Mahanoy City.
Vice-President—R. E. JAMES, President Easton Trust Co., Easton.
Secretary—D. S. KLOSS, Cashier First National Bank, Tyrone.
Treasurer—ROBERT J. STONEY, JR., Banker, Pittsburg.

SOUTH CAROLINA—ORGANIZED 1901.
President—D. D. MCCOLL, President Bank of Marlboro, Bennettsville.
Vice-President—WILSON G. HARVEY, President Enterprise Bank, Charleston.
Secretary and Treasurer—GILES L. WILSON, State Bank Examiner, Spartanburg.
Attorney—A. M. LEE, Charleston.

SOUTH DAKOTA—ORGANIZED 1886.
President—S. DREW, President Bank of Highmore, Highmore.
Vice-President—A. M. SHAW, Cashier, Delmont State Bank, Delmont.
Treasurer—J. A. PRITZKAU, Cashier German American National Bank, Redfield.
Secretary—J. E. PLATT, Cashier Security Bank, Clark.

TENNESSEE—ORGANIZED 1890.
President—E. G. OATES, Vice-President Mechanics Bank & Trust Co., Knoxville.
Vice-Presidents—S. F. THOMAS, Brownsville; J. B. WALKER, Centerville; W. K. ARMSTRONG, Rogersville.
Treasurer—TATE L. EARNEST, Cashier Unaka National Bank, Johnson City.
Secretary—JOHN J. HEFLIN, Nashville.
General Counsel—W. D. WITHERSPOON, Nashville.

TEXAS—ORGANIZED 1885.
President—O. E. DUNLAP, President Citizens' National Bank Waxahachie.
Vice-Presidents—JOHN T. SCOTT, Houston; J. K. WOODS, Laredo; G. M. BOOTH, Taylor; LOUIS WELLS, Hubbard; W. F. SKILLMAN, Sulphur Springs; W. T. SMITH, Blanket; A. D. MCLAUGHLIN, Hamlin.
Secretary—J. W. HOOPES, Vice-President Austin National Bank, Austin.
Assistant Secretary—D. C. DUNN, Cashier Union Bank & Trust Co., Houston.
Treasurer—T. W. SLACK, Cashier First National Bank, Fort Worth.

UTAH—ORGANIZED 1909.
President—L. S. HILLS, President Deseret Nationa Bank, Salt Lake City.
Vice-Presidents—A. R. HEYWOOD, President Commercial National Bank, Ogden, WILLIAM H. BRERETON, President State Bank of Provo, Provo.
Secretary and Treasurer—S. A. WHITNEY, Cashier McCornick & Co., Bankers, Salt Lake City.

VERMONT—ORGANIZED 1909.
President—H. L. WARD, Vice-President Burlington Trust Company, Burlington.
Vice-President—C. F. CHAPMAN, Treasurer Ottauquechee Savings Bank, Woodstock.
Secretary—H. T. RUTTER, Cashier Howard National Bank, Burlington.
Treasurer—D. L. WELLS, Cashier First National Bank, Orwell.

VIRGINIA—ORGANIZED 1893.
President—HENRY A. WALKER, Cashier National Valley Bank, Staunton.
Vice-Presidents—E. P. MILLER, Lynchburg; H. N. PHILLIPS, Williamsburg; W. MEAD ADDISON, Richmond; JULIAN P. BURKE, Alexandria; J. W. MILLER, Pulaski.
Secretary—N. P. GATLING, Lynchburg.
Treasurer—JULIAN HILL, Assistant Cashier State National Bank, Richmond.
Attorney—GEORGE BRYAN, Richmond.

WASHINGTON—ORGANIZED 1890.
President—ARTHUR F. ALBERTSON, Vice-President, National Bank of Commerce, Tacoma.
Vice-President—J. D. BASSETT, President First National Bank, Ritzville.
Secretary—P. C. KAUFFMAN, Vice-President Fidelity Trust Company, Tacoma.
Treasurer—CHARLES A. MCLEAN, Cashier The Traders National Bank, Spokane.

WEST VIRGINIA—ORGANIZED 1895.
President—WILLIAM B. IRVINE, Vice-President National Bank of West Virginia, Wheeling.
Vice-President—JAMES K. ONEY, Cashier Huntington National Bank, Huntington.
Secretary and Treasurer—JOS. S. HILL, Cashier National City Bank, Charleston.

WISCONSIN—ORGANIZED 1892.
President—E. M. WING, Cashier Batavian National Bank, La Crosse, Wis.
Vice-President—M. A. GRAETTINGER, Cashier Merchants and Manufacturers Bank, Milwaukee.
Secretary—GEO. D. BARTLETT, Milwaukee.
Treasurer—B. W. DAVIS, Cashier National Bank of Waupun

WYOMING—ORGANIZED 1908.
President—A. H. MARBLE, Vice-President Stockgrowers' National Bank, Cheyenne.
Vice-President—BENJ. F. PERKINS, President State Loan & Trust Co., Sheridan.
Treasurer—J. DE FOREST RICHARDS, Buffalo.
Secretary—HOWARD VAN DEUSEN, Cashier Rock Springs National Bank, Rock Springs.

STATE CONVENTIONS IN JULY

NEW YORK.

The Sixteenth Annual Convention of the New York State Bankers' Association was held at the United States Hotel, Saratoga Springs, July 15th and 16th, at which there was a large attendance and much important business transacted.

The reports of the officers and committees showed the Association to have made considerable progress during the year along all lines of Association work. It was also evidenced by the reports of the group chairmen that all the groups had been unusually active, had accomplished effective work, and were in a flourishing condition.

The membership is over six hundred, and now, with the eligibility to membership of savings banks and safe deposit companies, it will be largely increased during the ensuing year.

The addresses delivered were as follows: "Lights and Shadows of Wall Street," Wm. M. Kingsley, Vice-President U. S. Trust Company, New York City. The Hon. Clark Williams, Superintendent of Banking, spoke on the policy necessary to insure sound banking. Mr. F. O. Watts, President of the First National Bank, Nashville, Tenn., and Chairman of the Executive Council of the American Bankers' Association, took for his theme the relations of the banker to other bankers and to society, and the relation and duty of the individual to the various organizations of bankers. Mr. Lucius Teter, President of the Chicago Savings Bank & Trust Company and Chairman of the Committee on Postal Savings Banks of the American Bankers' Association, talked on the proposition of postal savings banks.

The Association adopted unanimously a resolution endorsing the form of the Travelers' Cheque of the American Bankers' Association and urged the members strongly to use them; also expressing its appreciation to Mr. E. O. Eldredge, the retiring secretary, for his uniform courtesy and unselfish consideration shown to individual members, and for his valuable services to the Association.

Mr. E. S. Tefft, the retiring President, Cashier of the First National Bank, Syracuse, was nominated as member of the Executive Council of the American Bankers' Association; Mr. Hiram R. Smith, President of the Bank of Rockville Centre, for Vice-President for New York State, and Mr. Bradford Rhoades, President, First National Bank, Mamaroneck, for member of the Nominating Committee.

In all probability the Association will follow the lead of many other State Associations in having permanent headquarters and making the secretaryship a salaried position, the incumbent to devote all his time to the work of the Association.

The social features were varied and most enjoyable, including lawn fêtes, boat rides, side trips to Saratoga Lake and other resorts, automobile and carriage rides, dancing, etc. The annual banquet, at which about six hundred ladies and gentlemen were present, was a very delightful affair and thoroughly enjoyed by all those who participated.

The officers elected for the current year will be found on page 76 of the JOURNAL.

MICHIGAN.

The beautiful summer resort of Petoskey was in gala attire on the occasion of the Twenty-third Annual Convention of the Michigan Bankers' Association, July 7th, 8th and 9th. There was a large attendance, all sections of the State being well represented.

The annual address of the President, Leon Chichester of Petoskey, was a masterly review of the present banking conditions, and embodied many valuable suggestions. The report of the Secretary, Hal H. Smith, of Detroit, gave a complete resumé of the work accomplished during the past year; and the reports of the various committees demonstrated the fact that satisfactory progress had been made along the different lines of Association work. The Executive Council in their report recommended the establishment of a sliding scale of dues for membership, instead of the system now in vogue—the same amount for all members, irrespective of the size of the bank.

Addresses were delivered by J. B. Forgan, President of the First National Bank, Chicago, on "Bank Examining"; Lucius Teter, President of the Chicago Savings Bank and Trust Company, on "Postal Savings Banks"; Fred I. Kent, Vice-President of the Bankers' Trust Company, New York, on the "American Bankers' Association Travelers' Cheques"; E. D. Durham, of the Onarga Bank, Onarga, on "Banks and Bankers."

The entertainment features, which included side trips by boat and train to many of the rural spots dotted along Little Traverse Bay, automobile rides, fishing parties, etc., were par excellence, the local committees being on hand at every turn to look after the welfare and comfort of the guests.

L. G. Kaufman, President of the First National Bank, Marquette, was nominated for member of the Executive Council of the American Bankers' Association, and Henry Idema, President of the Kent State Bank, Grand Rapids, for Vice-President for Michigan.

The officers elected for the current year will be found on page 76 of the JOURNAL.

NORTH DAKOTA.

The Seventh Annual Convention of the North Dakota Bankers' Association at Minot, July 8th and 9th, was one of the best of the series, the business sessions being well attended and the entertainment of a most enjoyable character.

The members were unanimous in voicing a sentiment of satisfaction on the showing made in the report of Secretary Macfadden—seventy-six new members have been added to the roll during the year; greater interest manifested in the group system, with better results than ever before since the system was inaugurated, many profitable meetings having been held; headway has also been made in the insurance and protective features, and other branches of Association work.

Addresses were delivered by James J. Earley, of Valley City, on "The Business Outlook of the Country"; Edward Engerud, on "Banking Law"; and Charles R. Frost, Secretary Minnesota Bankers' Association, on "The Interstate Protective Association."

The officers elected for the current year will be found on page 77 of the JOURNAL.

PROTECTIVE WORK OF STATE BANKERS' ASSOCIATIONS

WASHINGTON BANKERS' ASSOCIATION,
OFFICE OF THE SECRETARY.

TACOMA, WASH., July 22, 1909.

WARNING.

WANTED. John W. Kettridge for obtaining money under false pretense. American, age 29, looks to be about 23; well built, light complexion, height about 5 feet 7 inches, weight about 150 pounds, light-brown hair, smooth shaven and staring eyes when talking, rapid talker. When last seen wore brown suit with small stripe; inside of coat had makers' label, "Friends & Mark," of Milwaukee; also a gray Cravanette overcoat made by the same firm. Wore a dark soft hat. When drinking his nose will show a red spot. Claims to have been a reporter on a paper at Rawhide, Nev. Wore a pair of low tan shoes. He may carry business cards with his name, "John W. Kettridge, Burlington, Wash., Editor *The Journal.*"

He left a draft for $500 on a Chicago bank for collection with a local bank in Burlington, Wash., but received no money on it. He, however, succeeded in getting a number of local parties to cash checks drawn against this alleged deposit. Wire any information that will lead to this man's arrest direct to Chas. Stevenson, Sheriff, Mt. Vernon, Skagit County, Wash.

One H. D. Stanley, age, about 50 years; height, about 6 feet; well proportioned, has been successfully cashing small checks in various parts of the State, drawn upon the Puget Sound Savings Bank of Tacoma, in amounts from $2 to $10. He had an account with that bank some time ago, but drew out all but a few cents. Represents himself as a minister and on account of his pleasing personality generally succeeds in having his checks cashed for a small amount. Beware of handling any of his paper.

A man giving his name as J. J. Hill succeeded in defrauding a number of local merchants in Newport, Wash., on bogus checks. He is known to the local police, having been in the county jail at Sandpoint, and only recently released thereform, and is presumed to be an old hand. Description: Dark-brown eyes and hair; smooth shaven; height, about 6 feet; weight, about 250 lbs.; is slightly stoop-shouldered, although well-appearing and neatly dressed. Claims to be a Mason and a druggist. Is a very smooth talker. He bought a ticket for Seattle and may attempt to operate on Puget Sound. A warrant has been issued in Newport for his arrest. Be on your guard.

A man giving the name of J. H. Johnson succeeded in defrauding a bank in Western Washington by cashing a note supposed to be signed by H. N. Knowles, a substantial farmer of Cowlitz County. The signature of Mr. Knowles was a forgery. Johnson claimed to have rented a farm near Mr. Knowles, playing the same game used by a man going under the various names of Gray, Watson, Harrison, Graves or Greves, described in Warning Notice of March 23, 1909. Description of forger: About 6 feet in height; slight build; age, about 50 years; complexion, tanned; wore a light medium-mixed gray suit, soft hat, light in color; teeth somewhat prominent. He usually asks for a blank note for the purpose of taking it out for signature of endorser. Should he put in an appearance, give him a blank note and have an officer ready to arrest him when he returns. Advise the Secretary immediately by wire.

Look out for one C. R. Huston, who has been cashing bogus checks in Eastern Washington. Description: Age, 40; height, 5 feet 6 inches; weight, about 165 pounds; florid complexion; smooth shaven, light-gray hair; light hat and light summer clothes, sometimes wears dark suit; wears Elk pin and represents himself to be a piano salesman. Writes a good hand and is a fluent talker. Drew bogus checks on Union Savings & Trust Co., of Seattle.

KANSAS BANKERS' ASSOCIATION,
OFFICE OF THE SECRETARY.

TOPEKA, KANS., August 7, 1909.

ANOTHER FRAUD.

This office is just advised by 'phone of the operations of a forger whose personal description and name have not yet been obtained. He issues checks on one of the Corcordia banks, using a form of customers' check, having printed thereon the name of "H. H. McConaughey & Co."

The checks so far passed have been signed "Clark McConaughey," and are forgeries. It is reported that the forger has in his possession probably ten such check forms, and doubtless intends to pass them all in the next few days.

Watch for him; if found, arrest, detain and wire this office.

WARNING.

A forger is operating in Kansas and Oklahoma, using checks of the Bushton State Bank, signed Bushton Roller Mills, in favor of Lester J. Carter.

Be on the lookout for this offender. Wire this office any information as to his whereabouts.

PROTECTIVE COMMITTEE MONTHLY REPORT

NEW YORK, August 2, 1909.

Statistics from September 1, 1908, to July 31, 1909, of the work of the Pinkertons for the Association:

RECORD OF CRIMINALS ARRESTED, CONVICTED, SENTENCED, AWAITING TRIAL, BANK BURGLARIES, ETC.

BURGLARS—SPECIAL: Cases not disposed of arrested prior to September 1st, 2; arrested since September 1st, 9; convicted and sentenced, 3; specific terms, 3; years, 27; released, 3; escaped, 1; killed, 1; awaiting trial, 3.

BURGLARS—GENERAL: Cases not disposed of arrested prior to September 1st, 4; arrested since September 1st, 36; convicted and sentenced, 21; specific terms, 16; indeterminate terms, 3; years, 142; released, 12; escaped, 1; awaiting trial, 6.

FORGERS—SPECIAL: Cases not disposed of arrested prior to September 1st, 10; arrested since September 1st, 54; convicted and sentenced, 37; specific terms, 25; indeterminate terms, 12; years, 73-5; released, 10; escaped, 1; killed, 1; awaiting trial, 15.

FORGERS—GENERAL: Cases not disposed of arrested prior to September 1st, 19; arrested since September 1st, 35; convicted and sentenced, 34; specific terms, 30; indeterminate terms, 4; years, 110-4; released, 11; escaped, 3; awaiting trial, 6.

HOLD-UPS—SPECIAL: Cases not disposed of arrested prior to September 1st, 4; arrested since September 1st, 3; convicted and sentenced, 4; specific terms, 3; indeterminate terms, 1; years, 17; awaiting trial, 3.

HOLD-UPS—GENERAL: Cases not disposed of arrested prior to September 1st, 5; arrested since September 1st, 1; convicted and sentenced, 2; indeterminate terms, 2; released, 2; awaiting trial, 2.

SNEAK THIEVES—GENERAL: Cases not disposed of arrested prior to September 1st, 2; convicted and sentenced, 2; specific terms, 2; years, 4-6.

ROBBERS—SPECIAL: Arrested since September 1st, 1; awaiting trial, 1.

ROBBERS—GENERAL: Arrested since September 1st, 3; awaiting trial, 3.

Total cases not disposed of arrested prior to September 1st		46
Arrested since September 1st		142
		188
Sentenced	103	
Released, escaped and killed	46	149
Awaiting trial		39

BURGLARS—SPECIAL INVESTIGATIONS.

For the burglary of the Geo. Warren Co. Bank (M.), Warrens, Wis., November 3, 1908; loss, $2,181.59.

July 10, 1909, at Eland Junction, Wis., James Clermont, who escaped from the Monroe County, Wis., Jail, while awaiting trial for the above burglary, was recaptured and returned to the Monroe County Jail for trial.

James Radley, who escaped with Clermont, is still at large.

Awaiting Trial: J. Clermont, Sparta, Wis.; J. McCarey, Sparta, Wis.; G. A. Wilkins, Suffolk, Va.

BURGLARS—GENERAL INVESTIGATIONS.

For the robbery of the First National Bank (M.), Monrovia, Cal., December 15, 1908; Loss, $29,560.

July 21st, George Yohns was released from custody on account of insufficient evidence to convict.

July 26th, A. G. Beatty was sentenced to eight years in the Folsom, Cal., Penitentiary.

July 27th, C. S. Martin was sentenced to ten years in the San Quentin, Cal., Penitentiary.

July 28th, E. W. Sundin was sentenced to five years in the Folsom, Cal., Penitentiary.

Awaiting Trial: J. Callhan, Milan, Kans.; A. H. Hicks, Fort Dodge, Iowa; H. Joyce, Sioux City, Iowa; G. Lytle, Fort Dodge, Iowa; E. Madigan, Milan, Kans.; J. Martman, Sioux City, Iowa.

FORGERS—SPECIAL INVESTIGATIONS.

For defrauding Greenbaum Sons (M.), Chicago, Ill., of $164.50 on July 10, 1909.

July 26th, Joseph R. Kuhn, was arrested through the efforts of our Chicago Agency. He had admitted his guilt, and on July 27th was held for trial during the fall term of court.

For defrauding the Northern Trust Co. (M.), Chicago, Ill., of $211.00 on April 27, 1909.

July 12th, James D. McCain plead guilty and was sentenced to from one to ten years in the Joliet, Ill., Prison.

For defrauding the Iowa City State Bank (M.), Iowa City, Iowa, of $600.00 on June 8, 1909.

July 10th, John Bauer was arrested at Rock Island, Ill., by a representative of our Agency, assisted by the authorities and returned to Iowa City, where he is now held for the action of the September grand jury.

Bauer also defrauded the Dayton Savings Bank & Trust Co. (M.), Dayton, Ohio, of $500.00 on April 29th.

For defrauding the Hamilton National Bank (M.), Chicago, Ill., June, 1909, of $28.60.

July 9th, co-operating with the Chicago police, we caused the arrest of B. J. Kinkade for defrauding the above bank.

July 10th, he plead guilty and was immediately sentenced to six months in the House of Correction.

For defrauding the National Bank of Long Beach (M.), Long Beach, Cal., June 1, 1909, of $55.00 and attempting to swindle the First National Bank (N. M.), Redondo, Cal.

July 9th, Fred During plead guilty to the Redondo charge and was sentenced to seven years in the Folsom, Cal., Penitentiary.

For being concerned in hall letter-box thefts and forgeries in Boston, Mass.

July 21, 1909, James Devine and Edward C. Dano were sentenced to an indeterminate term in the Massachusetts Reformatory, they having plead guilty to larceny in connection with private mail-box robberies. W. E. Boland was released, there being insufficient evidence upon which to convict.

All of the above were originally members of the Ford band of forgers, the leader of whom, James Ford, was, during June, 1909, sentenced to six years in State Prison, New York.

For attempting to defraud the American Exchange National Bank (M.), New York, April 9, 1909.

July 13th, George A. Stewart, a member of the Ford band of forgers, after pleading guilty to the above charge, was arraigned for sentence. He denied knowing any professional forgers until our representatives testified to having watched and seen him meeting members of the Ford band. Stewart then admitted to the fact that he had received the check from James Devine (referred to above), and was sentenced to an indeterminate term in Elmira, N. Y., Reformatory.

For defrauding the First National Bank (M.), Smithfield, Pa., of $1,861.00 on July, 1909.

July 26, 1909, co-operating with the Ashland, Ohio, police, we assisted in the arrest of Lew Strayer, for defrauding the above bank by means of forged notes.

For defrauding the National Bank of the Republic (M.), Kansas City, Mo., May 8, 1909, of $35.00.

July 9th, T. M. Hill plead guilty to the above charge and was sentenced to five years in the Missouri State Penitentiary. After sentencing him the judge paroled him, it being his first offense and because of his having an old mother and wife, whom the judge was inclined to favor.

For defrauding the First State Bank (M.), Larned, Kans., June 26, 1909; Loss, $750.00.

July 3d, F. J. Howard plead guilty to the above charge and was sentenced to a term in the Kansas State Reformatory.

For defrauding the Commercial National Bank (M.), Kansas City, Kans., between June 10 and 19, 1909, of $1,070.00.

June 30th, A. D. McLure plead guilty and was sentenced to an indeterminate term in the Kansas State Reformatory.

His brother, R. W. McLure, who was also concerned in this swindle, is still at large.

For defrauding the First National Bank (M.), Chanute, Kans., July 3, 1909; loss, $16.90.

John F. Capels was arrested at Chanute, Kans., on July 3d, and is now awaiting trial at that point.

Awaiting Trial: J. Bauer, Iowa City, Iowa; S. Bruner, Kincaid, Kans.; J. Davis, Heppner, Ore.; M. D. Fortner, En route to St. Louis, Mo.; J. Freeman, Larchmont, N. Y.; A. Gates, Larchmont, N. Y.; W. R. Hughes, Whiting, Ind.; J. R. Kuhn, Chicago, Ill.; L. A. Marks, Larned, Kans.; E. Perkins, Chicago, Ill.; A. M. Potter, Detroit, Mich.; A. F. Rickey, Seaton, Ill.; V. B. Snow, Colorado Springs, Colo.; L. Strayer, Smithfield, Pa.; O. Wirsen, Chicago, Ill.

FORGERS—GENERAL INVESTIGATIONS.

Awaiting Trial: J. F. Capels, Chanute, Kans.; E. G. Cefrey, Boston, Mass.; A. C. Cook, Boston, Mass.; J. L. Orebaugh, Toledo, Ohio; N. D. Parker, Toledo, Ohio; T. H. Woodman, Boston, Mass.

HOLD-UP ROBBERS—SPECIAL INVESTIGATIONS.

Awaiting Trial: E. Elmendorph, Paducah, Ky.; S. Evitts, Paducah, Ky.; W. Husbands, Paducah, Ky.

HOLD-UP ROBBERS—GENERAL INVESTIGATIONS.

Awaiting Trial: J. Leya, Merrill, Wis.; M. Thornberry, Eufaula, Okla.

ROBBERS—SPECIAL INVESTIGATIONS.

Awaiting Trial: H. B. Elliott, Eufaula, Okla.

ROBBERS—GENERAL INVESTIGATIONS.

Awaiting Trial: H. N. Barckers, Benbow City, Ill.; J. H. Guhman, Benbow City, Ill.; S. Moore, Benbow City, Ill.

	Members	Non-Members.
Burglaries	8	53
Attempted burglaries	9	30
	17	83
Loss by burglaries	$21,128.01	$135,338.57
Hold-up robberies	4	0
Attempted hold-up robberies	2	3
	6	3
Loss by hold-up robberies	$15,002.15	

Features in Protective Work

FORGERIES.

The Dayton Savings & Trust Co. (M.), Dayton, Ohio, on April 29th, paid out $500.00 on a worthless draft purporting to have been issued by the State Savings Bank at Benton Harbor, Mich., and drawn on the Merchants' National Bank of New York City. Bauer, at that time, was in the saloon business at Dayton. He disappeared, and the matter was not reported by the bank to the American Bankers' Association until several days afterward when the local authorities, who investigated the matter, had lost track of Bauer.

On June 8th Bauer was again heard from, this time at Iowa City, Iowa, where he was introduced to the Iowa City State Bank by a real estate man, he pretending to want to purchase some local property. He induced the bank to accept a worthless $1,500.00 certificate of deposit, purporting to have been issued by the Citizens' State Bank of Ellwood, Ind., and in exchange received $600.00 in cash, and a certificate of deposit for the remaining $900.00 and immediately disappeared.

Investigation by the Pinkertons for the American Bankers' Association was the means of locating Bauer on July 10th at Rock Island, Ill., where, with the aid of the Rock Island police officials, he was arrested. $900.00 certificate of deposit obtained from the Iowa City State Bank was found in his possession.

Bauer proved a stubborn prisoner at first, but finally decided to return to Iowa City without requisition papers, and was there, on July 14th, given a preliminary hearing, and on a plea of guilty he was held to the September Grand Jury in the sum of $2,000.00 bond.

Greenebaum Sons, Bankers (M.), Chicago, Ill., on July 10th paid out $164.50 to a man named J. R. Kuhn, who, on the day previous, had deposited a worthless check, drawn on the Hamilton National Bank of Chattanooga, Tenn., for $784.54. Investigation also developed the fact that the Continental National Bank (M.), the Merchants' Loan and Trust Co. (M.) and the Railway Exchange Bank (M.) had been defrauded in a similar manner by Kuhn.

Investigation by the Pinkertons developed that Kuhn might be living in the west end of Chicago, and through careful canvass of a certain neighborhood Kuhn's place of residence was located and he was arrested on July 26th. He admitted his guilt, and on July 27th waived examination and was bound over to the Grand Jury in the sum of $10,000.00 bond on two charges. That same day he was indicted, and will be tried during the fall term of the court.

Kuhn also operated extensively at Chattanooga, Tenn., Mobile, Ala., and other places where he defrauded many banks.

During the latter part of May and the early part of June, 1909, the Hamilton National Bank (M.), Chicago, paid out $28.60 to a man named B. J. Kinkade, who had forged the name of a former employer to the same, this employer having an account with the above bank. Investigation by the Pinkertons for the American Bankers' Association developed the fact that Kinkade was the forger, and succeeded in locating him, and, with the aid of the Chicago police, caused his arrest on July 9th. On July 10th Kinkade pleaded guilty, and on account of it being his first offense and since one of the main prosecuting witnesses had moved from Chicago, his plea was accepted by the Asisstant State's Attorney, and he was sentenced to six months in the House of Correction.

The Northern Trust Co. (M.), Chicago, during the latter part of April, 1909, paid out $211.00 on forged checks, drawn on their bank, to which the name of L. E. Ross had been forged.

Investigation by the Pinkertons for the American Bankers' Association developed that James D. McCain had departed from Chicago. He was traced to New York, thence to Philadelphia, and was finally located by the Philadelphia branch of the Pinkertons at Shelly, Pa., where he was arrested on June 20th. He was indicted on June 22d, and was extradited on June 26th, and on July 12th he pleaded guilty to the charge of obtaining money under false pretense and was sentenced to the Joliet, Ill., Penitentiary for an indeterminate term of from one to ten years.

McCain has also operated in St. Louis, Mo., Waukegan, Ill., Uniontown, Pa., and New York City, and the St. Louis warrant will be lodged with the Warden of the Joilet Penitentiary on which he will be detained at the expiration of his sentence for the arrival of a St. Louis officer as at this time it is intended to prosecute him in that city.

Lew Strayer, an insurance agent, of 834 Ramsey Street, Wilkinsburg, Pa., who, from reliable sources it has been ascertained, is an old offender at committing forgeries, on June 24, 1908, and December 6, 1908, forged the name of John P. Conn for $500.00, who is a contractor of Uniontown, Pa., and O. P. Merkle's name for $361.30 to promissory notes, which he had discounted at the First National Bank (M.), Smithfield, Pa. Charles E. Miller, Cashier of the above bank, on learing that the above notes were forgeries, communicated with the District Attorney of Fayette County, Pa., in which Smithfield is located, who, on July 24th, notified the Pittsburgh Agency of Pinkerton's National Detective Agency of the above forgeries and whose representatives immediately got in touch with the proper authorities, with the result that, on July 26th, Strayer was arrested at Ashland, Ohio, and has been returned to Uniontown, Pa., where he is now awaiting trial. The above bank, so far as we are aware, being the first member of the Association which Strayer operated against, accounts for his not being prosecuted for past offenses. The Association has been reliably informed that Strayer committed similar forgeries about nine years ago in Pittsburgh, Pa., and was also arrested for embezzlement on warrants issued by the Butler County, Pa., authorities.

The speedy arrest of Strayer is due to the recent orders issued by the American Bankers' Association to their detective agents to immediately take action where it is warranted to secure the arrest of swindlers of this class who operate against members of the Association.

Pinkerton's National Detective Agency of Denver, acting for the American Bankers' Association, caused the arrest of Victor B. Snow at Portland, Ore., on June 29, 1909.

Victor B. Snow, on May 3d, opened up an account at the First National Bank (M.), Colorado Springs, Colo., by depositing cash, checks and drafts. The checks and drafts were paid when forwarded to the banks on which they were drawn for collection. Snow frequently checked against his account and was apparently doing a legitimate banking business.

About June 11th he deposited several hundred dollars worth of drafts drawn on the Fourth National Bank (M.), Grand Rapids, Mich., and before these drafts could reach the bank for collection, he checked out about $500.00, all the money he had deposit, and immediately left Colorado Springs. As soon as the drafts were received at the Grand Rapids bank the officials of that bank immediately wired the First National Bank of Colorado Springs that they were forgeries, and the Pinkerton Agency at Denver was immediately notified, who traced Snow from Colorado Springs to Denver, from Denver to Salt Lake City, and from Salt Lake City to Portland, Ore., where the assistance of the sheriff was asked to place Snow under arrest.

Since Snow's arrest it has been learned that he swindled the Interstate Savings Bank (M.), of Denver, on February 27, 1909, under the name of George B. Gardner, out of $60.00 by means of a forged draft. On March 1, 1909, he swindled the Colorado State and Savings Bank (M.), of Denver, under the name of George B. Gardner, out of $30.00 by means of a forged draft. On March 6th, under the name of George B. Gardner, he swindled the Pioneer Trust Company (M.), of Kansas City, out of $300.00 by means of a forged draft. On May 7, 1909, under the name of William Foster, he swindled the Utah Savings & Trust Company (M.), of Salt Lake City, Utah, out of $300.00 by means of a forged draft. On May 25, 1909, under the name of Henry Holdsworth, he swindled the Farmers' & Mechanics' National Bank (M.), of Fort Worth, Tex., out of $250.00 by means of a forged draft. On May 29, 1909, under the name of Henry Roswell, he swindled the Denver National Bank (M.), of Denver, Colo., out of 250.00 by means of a forged draft, and on June 12th, under the name of Victor B. Snow, he swindled the First National Bank (M.), of Colorado Springs, Colo., out of $500.00 by means of forged drafts. He has also swindled a large number of business men and private citizens in different parts of the country.

He is to be returned to Colorado Springs and tried for swindling the First National Bank at that place.

FORGERIES—SPECIAL INVESTIGATION.

For defrauding the First National Bank (M.), of Cleveland, Ohio, out of $1,500.00 by means of four forged checks.

On July 13, 1909, Mrs. Mary Setze, alias Mrs. Minnie Setze, alias Mrs. Laura Setze, alias Mamie Setze, alias M. Norton, was arrested at Cleveland, Ohio, for having forged and collected on four checks in amounts of $350.00, $400.00, $400.00, $350.00. In the police court, Cleveland, Ohio, she, on July 14, 1909, waived examination, and was bound over to the criminal branch of the common pleas court. Her bail was fixed at $1,000.00, in default of which she was remanded to the county jail, where she is still confined. The Grand Jury of Cuyahoga County, Ohio, which will investigate her case, meets some time in the month of September, 1909.

BURGLARIES

On October 3, 1908, the George Warren Co. Bank (M.), Warren, Wis., was burglarized by four men, who secured $2,161.59.

The Pinkertons investigated for the American Bankers' Association, the National Surety Co. and the Maryland Casualty Co.

On October 7th Joseph Miller, alias James Clark, alias "Ohio Joe," was arrested at Stevens Point, Wis., on suspicion by the police, several hundred dollars being found on his persons. The Pinkertons secured this man's photograph and succeeded in having him identified as being one of the Warren burglars, and when confronted with the facts, the prisoner pleaded guilty on October 16th, and was sentenced to serve fifteen years in the Wisconsin State Prison at Waupun.

In the meantime, two other suspects, James Radley and James Clermont were arrested at Rhinelander, Wis., on October 13th, and through the efforts of the Pinkertons, they were identified as being two accomplices of Joseph Miller, and it was also learned by them that the fourth man, who was still at large, was James McCarey.

On June 2, 1909, while in jail at Sparta, Wis., awaiting trial, Radley and Clermont escaped by breaking jail during the night.

The Pinkertons then, in the interest of the American Bankers' Association, the National Surety Co. and the Maryland Casualty Co., issued a circular offering a reward of $300.00 for the arrest of the two escaped men and James McCarey. McCarey was arrested through the information contained in the circular on June 28th by the Sheriff of Monroe County, Wis., at Wausaukee, Wis., and placed in jail at Sparta, Wis., and as a further result of the issuing of the circular, on July 10th James Clermont was arrested at Eland Junction, Wis., by the town marshal and turned over to the Sheriff of Monroe County and taken to the jail at Sparta, where he and McCarey are now awaiting trial.

MORTUARY RECORD OF MEMBERS FOR JULY, 1909

The following list is compiled from the financial journals. If, in future, our members will advise the JOURNAL of the decease of any officer or director of their Institution, giving name, title, age and date of death, the same will be published.

ALDRICH, NEWTON G., President Bank of Gouverneur, Gouverneur, N. Y.
BOUCHARD, FRANK S., Cashier Eau Claire Savings Bank, Eau Claire, Wis.
CLARK, JAMES, President Drovers' and Mechanics' National Bank, Baltimore, Md.
COX, ATTILLA, Chairman of Board of Directors Columbia Trust Co., Louisville, Ky.
CUYLER, C. C., President United States Mortgage and Trust Co., New York, N. Y.
DAVIS, JNO. R., Director Ayers National Bank, Jacksonville, Ill.
DAVOL, JOSEPH, President Industrial Trust Co., Providence, R. I.
DE WITT, SEYMOUR, President First National Bank, Middletown, N. Y.
DICKSON, ROBERT, Director First National Bank, Westwood, N. J.
DIXON, EARL S., Cashier Columbus State Bank, Columbus, Mont.
FRIES, JOSEPH A., President Franklin County National Bank, Brookville, Ind.
HAMILTON, WM. H., President Ocean Grove National Bank, Ocean Grove, N. J.
HOOFF, CHARLES R., President First National Bank, Alexandria, Va.
HUNGERFORD, FRANK L., Director New Britain National Bank, New Britain, Conn.
KEITH, SAMUEL J., President Fourth National Bank, Nashville, Tenn.
MAUZY, F. G., Cashier Bank of Durbin, Durbin, W. Va.
RANDALL, H. LEROY, Treasurer New Milford Savings Bank, New Milford, Conn.
RIKER, JNO. L., Director Farmers' Loan and Trust Co., New York, N. Y.
SAYLER, GEO. F., Cashier First National Bank, Adams, Mass.
SMITH, JULIUS A., President First National Bank, Fulda, Minn.
STILES, L. C., President Red River National Bank, Clarkesville, Tex.
STODDARD, GEO. W., President National Bank of Walden, Walden, N. Y.
WELLS, JAS. H., Cashier Uncas National Bank, Norwich, Conn.